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CPT Global Limited

ABN 16 083 090 895

Annual Report

For the year ended 30 June 2022

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Chairman's Review

Dear Fellow CPT Global Shareholder,

While CPT was unable to repeat last year's record performance, 2022 has been a year of significant change for the Company during which the foundations for the next phase of a strong and prosperous future have been put in place. On 1 November 2021 CPT's founder and CEO Gerry Tuddenham handed over the reins of the company he established almost 30 years ago to his son Luke. Gerry's vision, expertise and tireless energy has built CPT into a successful, highly regarded specialist IT adviser with many significant clients around the globe. Furthermore Gerry has developed a loyal team of specialist technical consultants who continue to solve the complex IT problems of some of the world's largest companies. After thirty years at the helm Gerry has earned the right to step back from the day to day demands of CPT's business especially the unrelenting travel that is once again building in a post-Covid world. However we are delighted that as CPT's founder and largest shareholder Gerry will remain actively involved with the company as a director and an important mentor for all CPT'ers. He will also oversee our exciting initiative to develop a suite of tools and software for clients that will automate and enhance our consulting services.

As CPT's new CEO Luke Tuddenham has already established a strong rapport with our team and the respect of our clients through his boundless energy, enthusiasm and initiative. Prior to taking over as CEO Luke lead the strong growth of our international business based in the USA and is well placed to drive CPT's next phase of development. Much work has already been done on establishing CPT's future vision, building the appropriate structure, attracting new talent and aligning our teams. While the benefits of these initiatives will take time to emerge the early signs are very positive.

The Australian business had a more difficult year in 2022 as a major project in the Southern region concluded and work at a Federal Government client neared completion. Furthermore, being Melbourne based, CPT was subject to amongst the longest and most restrictive lockdowns of any place in the world. This resulted in a fall in revenue and some pressure on margins. However activity during the second half increased through the addition of some new clients which have shown strong growth and has resulted in the deployment of additional consultants. Also as Covid restrictions have relaxed our salesforce has been better able to more actively engage in new business development. In 2022 five of our ten largest clients were based in Australia.

During 2022 CPT's international business maintained its strong growth and now generates around half of CPT's total revenue at attractive margins. While most of this growth was again driven by our USA operations we have more recently re-engaged with a client in Canada and are continuing to pursue some good prospects in Europe where we have many former clients. During the year we bolstered our international sales team to maintain the growth in revenue and the sales pipeline remains healthy. For the fourth year in a row CPT's largest client was in the USA and five of our top ten clients in 2022 were based in North America.

In 2022 our revenue fell by 10% to \$29.9m with the continuing strong increase in the USA insufficient to offset the reduction in revenue from the Australian operations. Net profit after tax was \$1.5m as against the exceptional result of \$3.4m in the prior year. Our 2022 performance was impacted by the fall in revenue, lower margins in Australia and additional costs relating to positioning the business for future growth. CPT will pay a final fully franked dividend of 1.0 cents per share in addition to the interim dividend of 1.5 cents. Total dividends of 2.5 cents per share compare to last year's dividend of 5.0 cents per share but represent a higher payout ratio of 71% as against 59% last year. At financial year-end CPT maintained a healthy cash position of \$4.1m as against \$4.3m in the prior year.

During 2022 CPT has established a solid platform across its operations from which to build for the future. With the transition of CPT's leadership to Luke Tuddenham and the pursuit of a new strategic initiative in software the company is well placed to grow the scope and scale of our global business. As the impact of Covid recedes our strengthened sales force is actively marketing our services to many existing and past clients and establishing new client relationships to build a strong pipeline of new business.

Chairman's Review

After a year of transition CPT is well placed to increase our revenue and profitability both in Australia and offshore. Going forward shareholders will continue to be rewarded via attractive dividends based on a healthy payout of earnings balanced against the cash demands of growing our business. At this exciting time of transition I would like to thank our founder and former Managing Director Gerry Tuddenham for his drive and energy in building CPT into a successful listed company with a global presence and a strong reputation for solving its clients' complex technical challenges. After yearend Nigel Sandiford retired as a director and I would like to thank him for his dedicated service to CPT during a challenging time. In addition I am pleased to thank CPT's staff together with my fellow directors including our new Managing Director, Luke Tuddenham, for their ongoing commitment and significant dedication in serving our clients while positioning CPT for a very exciting and prosperous future.

A handwritten signature in black ink, appearing to read 'F. Grimwade', written in a cursive style.

Fred S. Grimwade
Chairman

Managing Director's Review

Dear Shareholders,

We have concluded another successful year at CPT. I'm delighted to present the Operating and Financial review for CPT Global Limited (the Company) and its controlled entities (the Group) for the year ended 30 June 2022.

FY2022 has been a period of consolidation after the record FY2021 results and the start of a period of change as the next chapter in the Company's life began under my leadership, as the new CEO. The transition has brought considerable energy and drive with a bold vision to grow the business. During my first 7 months as CEO, the focus was on building greater structure, new talent attraction and forming key executive and management committees to strategically align the team, towards the new vision.

During the year, we have seen high growth in our North American business, whilst the Australian business has experienced contracts coming to an end after successful completion, impacting revenue. We have invested in systems, business development, marketing, structure and most importantly on people during the year.



THE VISION

CPT Global Limited will be a world leader in solving clients' complex technical challenges in our niche markets.



How We Do It

Attract and retain the world's best technical consultants and combine our IP, software and services to deliver end to end solutions to clients at scale.



What We Do

We're passionate about finding undiscovered savings, risks, and opportunities in technology to help clients get more value and performance out of their investments.



Role of Software

Codify our IP in order to scale our delivery capacity and drive annuity revenue in our core service lines: Optimisation, Modernisation and Assurance

Our focus this year has been on new modernisation partnerships, enhanced service offerings and expanding into proprietary software. To that effect, we are building our solution by harnessing the IP from our pool of consultants, to build a unique market proposition to productise our services into tools and repeatable solutions.

Our objective is to deliver long term, sustainable, profitable growth.

To achieve this we are:

- commercialising our IP to:
 - substantially scale our delivery capacity; and
 - drive repeatable and annuity revenue;
- focusing on our core competencies and technical expertise as a differentiator and niche provider;
- partnering with global leaders in the modernisation space to drive growth;
- enhancing our service offerings with end-to-end solutions under our service lines of Optimisation, Modernisation and Assurance;
- building the platform to facilitate and support growth
- pursuing opportunities that could fast-track our growth targets or complement our existing capabilities and expertise by initiating a structured mergers and acquisition plan; and
- becoming the trusted advisor that our clients are looking for and value

Managing Director's Review

OPERATING AND FINANCIAL REVIEW

The net profit for FY2022 is \$1.5m on revenue of \$29.9m. After the record profit in FY2021 it was important for us to consolidate the gains we made and provide a platform to build upon. This has been achieved.

The table below shows the performance of the business over the last three reporting periods.

	FY2022	HY2022	FY2021
	m's	m's	m's
Revenue	29.9	15.9	33.3
<i>Profit before tax</i>	2.1	1.7	4.5
Tax expense	0.6	0.5	1.1
<i>Net profit</i>	1.5	1.2	3.4

In comparison to FY2021 we have seen a steady growth in North America revenue and a decline in Australia revenue, resulting in a net decline in revenue in FY2022. We have seen a similar trend with regards to margin between the two years. Second half of FY2022 saw the same trends continuing with regards to revenue, with North America performing well. We have made some investments as a part of our build strategy in the second half of FY2022, and also incurred one-off expenses increasing the cost base in the second half. This resulted in a profit before tax of approx. \$300k in the second half of FY2022.

The highlights of our performance in FY2022 were:

- revenue up 19% in North America in FY 2022 as we continued to expand our footprint in our two largest clients;
- revenue decreased 25% in Australia in FY2022 as a major project came to an end and our second largest client began scaling back head count as its major project nears completion in 2022;
- margins in North America continue to hold up despite pressure from clients and the market for talent tightening. Overall the margins in FY2022 were down due to high margin Australian customers slowing down their projects;
- direct costs for commercialising IP amounted to \$120k;
- financing costs continued to decline as we have been able to fund the business from free cash flow and limit the use of our debtor financing facility. Finance costs are down 52% compared to FY2021;
- the effective tax rate increased from 24% to 29%. The USA business contributed an increasing proportion of profit to the business and is taxed at approximately 30% (including state taxes) while the Australian business is taxed at 25%. In addition, tax losses in other regions have not been booked as deferred tax assets as the criteria for recognition has not been met.
- we have made investments in resources and systems, where ROI will be in future years
- tight control over discretionary costs;
- travelling costs have increased, particularly for the North American sales team, however, we are yet to see clients mandate a return to office work on a part-time or full-time basis, especially for external consultants; and
- there were one-off employment related costs in second half of FY2022

Basic earnings per share amounted to 3.54 cents per share (diluted earnings 3.49 cents per share).

Managing Director's Review

Financial Position

CPT Global's performance over the last 2 years has resulted in a strengthening of the balance sheet with net tangible assets of more than \$5m as at 30 June with no external debt.

Movements in the balance sheet:

- Trade and other receivables (Current) increased \$2.1m which is due to strong invoicing in North America in May and June and previously non-current tax receivable moving to current trade and other receivables.
- Trade and other payables increased by \$1.6m. This is due to timing differences for recurrent monthly payments and other payable items that were settled post year end.

Cash Flow

CPT had \$4.1 million in cash as at 30 June 2022 (\$4.3 million 30 June 2021).

Our cash position provides the business the ability to fund our growth strategies

Capital Management

A fully franked final dividend of 1.00 cents per share has been declared for the year to 30 June 2022. This brings the total dividend for FY2022 to 2.50 cents per share. This is an annualised yield of 6.76% (9.01% including franking credits) on a share price of \$0.37 as at 30 June 2022.

The total value of the final dividend is \$416,071 and will be paid on 11 November 2022.

This represents an annual payout ratio of 71%. The payout ratio for the FY2021 dividends was 59%.

The dividend reinvestment plan will apply to the dividend. The DRP discount will be 2.5%.

No funds were drawn against our debtor funding at 30 June 2022 and \$0.8 million was available to draw on.

OUTLOOK

At CPT Global, we are committed to helping our clients improve their technology, delivery, performance, and capabilities. To achieve this, we have identified growth opportunities, and created both short and long term strategies to invest in our people, software, solutions, as well as our clients to enable us to achieve long term success.

Revenue is currently split approximately 50/50 between the Northern Hemisphere and Australia. Given the higher margins and geographical footprint of the Northern Hemisphere, we plan to invest in doubling our sales force to increase our reach within the industries we currently work with, which present our greatest opportunities for growth. Our strategy of investing in growing our current sales team will not only increase revenue and profits, but further establish CPT as an industry leader by allowing us to grow our client base and showcase our skills.

CPT has identified and understands the unique advantages, complexities, and limitations of the mainframe. We see the untapped potential of how the cloud will continue to present opportunities for more agile and efficient processes and insights.

We use this deep mainframe knowledge to inspire our Fortune 1,000 clients to trust us in assessing the most optimal solutions for them, which includes moving away from their legacy footprint and adapting to cloud-based technologies. Our extensive and in-depth experience has enabled our experts to identify gaps, issues and unforeseen challenges that may arise during the modernization process. We are extremely well positioned to provide those looking to modernize with the most optimal opportunities and cost-effective approaches.

For nearly three decades, our clients have trusted us as the "go to" independent partner for many of their most critical IT strategic initiatives which include legacy as well as modernization efforts. Our unbiased assessment of their unique needs enables us to create roadmaps that can be acted upon with confidence, knowing that we have no agenda other than their



Managing Director's Review

most optimal outcomes.

There is a huge opportunity to assist in reducing risk and increasing resiliency due to cyber-risks as companies transition to the cloud. We are actively engaged in discussions with potential partners to optimize our role and growth in this area. Along with such security partners, we will utilize our deep mainframe and testing knowledge to further demonstrate our commitment to be "the" trusted advisors that will ensure low risk coupled with high levels of comfort, reliability, and resiliency for those looking to modernize.

CPT has a team of 140 plus, with decades of experience. We pride ourselves on having top tier talent. Most of our technical team has high tenure and has been with us for at least a decade. We are actively engaged in capturing the IP and knowledge from our consultant base to ensure that we retain and build upon it. We are taking this knowledge and putting it into repeatable processes and solutions.

This knowledge and software will play a critical role as we continue to recruit younger talent to CPT. In addition to our efforts of utilizing software, we have invested in a mentoring program, enabling new hires to learn first-hand from our experts. This mentoring program will continue to be a key strategic initiative as we continue to hire to meet the ever-growing needs of our current and prospective clients.

We have found that a barrier young talent faces in many other companies is that they are siloed in one area of their institution. Under CPT's mentoring and talent program, we are providing them with the tools and guidance they need to succeed by exposing them to multiple areas within the field. This is consistent with CPT's tradition and history. We have consistently cultivated diversity in our consultants to become true experts. By strategically focusing on our mentoring and talent programs, we are helping to ensure that our future consultants and leaders will possess the same unique "value proposition" that we currently offer to our clients.

As stated, for nearly three decades, we have been succeeding within this industry by establishing ourselves as a trusted partner for our clients. We will continue this strategy by investing in and growing our team as well as developing and acquiring new skills, software, and partners in high growth areas. We are positioning ourselves for great growth while strategically ensuring that we adapt to operating and business risks.

Luke Tuddenham
Managing Director
Aspen Colorado, 30 September 2022



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Directors' Report

Your directors submit their report for the year ended 30 June 2022.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience, and special responsibilities

Fred S Grimwade

(Non-executive Chairman)



Fred chairs CPT's Finance and Audit Committee and is a member of the Remuneration Committee. He is a director of specialist corporate advisory and investment firm Fawkner Capital and is also a non-executive director of ASX listed companies Select Harvests Limited, and Australian United Investment Company Limited and chairs XRF Scientific Limited.

Fred was a commercial lawyer and later worked with Goldman, Sachs & Co. in New York and Sydney. He also served as Company Secretary and General Manager of Shareholder Relations at Western Mining Corporation. In 1996, he joined Colonial Mutual as Group Company Secretary and General Manager for Legal Affairs and subsequently became Head of Private Capital for Colonial First State Investments. He was Managing Director of the Colonial Agricultural Company from 1998 to 2006 and a non-executive director of AWB Limited from 2008 to 2010. Fred is a senior fellow and life member of the Financial Services Institute of Australasia (Finsia), and a Fellow of the Australian Institute of Company Directors and Chartered Secretaries Australia.

Luke Tuddenham

(Managing Director & CEO)



In his position as CEO, Luke brings a wealth of tech experience and enterprise knowledge to CPT Global, where he's played an instrumental role in the company's growth.

Luke started his career in Melbourne with Andersen in 2000 and joined CPT Global in 2005 from PricewaterhouseCoopers. Luke joined CPT overseeing the company's Australian and US markets, before becoming Vice President in 2011. In 2016, Luke was named President of the Americas and Europe, where he played a critical role in helping the company generate record-breaking revenue and profit margins in FY2021. Luke has been helping Fortune 500 technology leaders drive performance and efficiency in their organisations. He has strategically and successfully grown and expanded CPT's services offerings and delivery across the globe to include Australia, Canada, Europe & the USA.

Luke holds a Bachelor of Business Information Systems, earned his Certificate in Business Excellence at Columbia University's Business School, is a member of the Australian Computer Society and a member of the Australian Institute of Company Directors.

Gerry Tuddenham

(Executive Director)



Gerry is the founder of and a major shareholder in CPT. He has more than 40 years experience in IT consulting and is a hands-on technologist with a reputation for delivering practical solutions. Gerry is widely known as a technical specialist in performance tuning, capacity planning and testing in IBM mainframes, with additional expertise in expert systems, transaction processors, middleware and database management systems. Gerry was the lead developer of the Expetune and Expetest utilities, which automate a number of intricate tuning and testing activities. He has worked internationally in a broad range of industries, with a focus on financial services and telecommunications. Gerry is a member of the Australian Institute of Company Directors. Gerry is a member of the Finance and Audit Committee.

Nigel Sandiford

(Non-executive Director)

Resigned 1 August 2022. Nigel was a member of CPT's Finance and Audit Committee and chaired the Remuneration Committee.

Directors' Report

Mark Licciardo
(Company Secretary)



Appointed on 22 June 2022. Mark is the founder of Mertons Corporate Services, now part of Acclime Australia and is responsible for Acclime Australia's Listed Services Division.

He is also an ASX-experienced director and chair of public and private companies, with expertise in the listed investment, infrastructure, bio-technology and digital sectors. He currently serves as a director on a number of Australian company boards as well as foreign controlled entities and private companies.

During his executive career, Mark held roles in banking and finance, funds management, investment and infrastructure development businesses, including being the Company Secretary for ASX:100 companies Transurban Group and Australian Foundation Investment Company Limited.

Mark holds a Bachelor of Business degree in accounting, a Graduate Diploma in Governance and is a Fellow of the Chartered Governance Institute, the Governance Institute of Australia and the Australian Institute of Company Directors

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares and performance rights of the Company were:

	Ordinary Shares	Performance Rights
Nigel Sandiford (resigned 1 August 2022)	309,058	-
Fred S Grimwade	718,200	-
Luke Tuddenham	1,066,848	1,000,000
Gerry Tuddenham	14,396,829	-

EARNINGS PER SHARE

	Cents
Basic earnings per share	3.54
Diluted earnings per share	3.49

DIVIDENDS

A fully franked final dividend of 1.00 cents per share has been declared for the year to 30 June 2022. This brings the total dividend for FY2022 to 2.50 cents per share. This is an annualised yield of 6.76% (9.01% including franking credits) on a share price of \$0.37 as at 30 June 2022. The total value of the final dividend is \$416,071 and will be paid on 11 November 2022.

The financial effect of the dividend will be recognised in the 2023 financial year as it was declared after the end of the 2022 financial year. Based on the existing participation rate in the dividend reinvestment plan, 14.59% of the dividend will be satisfied by the issue of shares.

CORPORATE INFORMATION

Nature of operations and principal activities

The principal activities of the Group during the financial year were the provision of specialist IT consultancy services. There have been no significant changes in the nature of those activities during the year.

Employees

The Group employed 138 employees and contractors as at 30 June 2022 (2021: 160 employees and contractors).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the state of affairs of the Company occurred during the financial year.

Directors' Report

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments, future prospects and business strategies of the operations of the Group are detailed in the Chairman's Statement and Managing Director's Review on pages 2 and 4 respectively.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has paid premiums to insure the current directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director and officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The total premium paid was \$81,400.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings		Finance and Audit Committee Meetings		Remuneration and Nomination Committee Meetings**	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Fred S Grimwade	11	11	2	2	0	0
Nigel Sandiford*	11	11	2	2	0	0
Gerry Tuddenham	11	11	2	2	0	0
Luke Tuddenham	7	7	0	0	0	0

*Nigel Sandiford resigned on 1 August 2022

** due to the composition of the Board, the remuneration and nomination functions were dealt with by the Board for the reporting period

Committee membership

As at the date of this report, the Company had a Finance and Audit Committee and a Remuneration and Nomination Committee of the Board of Directors.

Members acting on the committees of the Board during the year were:

Finance and Audit

Fred Grimwade (Chair)

Nigel Sandiford (resigned 1 August 2022) Fred Grimwade

Gerry Tuddenham

Remuneration and Nomination

Nigel Sandiford (Chair) (resigned 1 August 2022)

Directors' Report

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Finance and Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Finance and Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional & Ethical Standards Board.

The following fees for non-audit services were paid/payable to SW Audit during the year ended 30 June 2022:

- Taxation compliance services \$22,392

Directors' Report

REMUNERATION REPORT

The Remuneration Report for the year ended 30 June 2022 outlines the Director and executive remuneration arrangements of CPT Global in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of this Report, key management personnel (KMP) of CPT Global are defined as those persons having authority and responsibility for planning, directing, and controlling the major activities of CPT Global, directly or indirectly, including any Director of the parent Company.

Persons to who the report applies

The remuneration disclosures in this Report cover the following persons:

Key Management Person	Position
Fred S Grimwade	Non-executive Chairman
Nigel Sandiford	Non-executive Director (resigned 1 August 2022)
Luke Tuddenham	CEO and Managing Director
Gerry Tuddenham	Executive Director
Grant Sincok	Company Secretary and Chief Financial Officer (resigned 13 May 2022)

Remuneration policy

The Remuneration and Nomination Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the managing director and the executive team. The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. The outcomes of the remuneration structure are expected to comply with Executive Share and Option Scheme Guidelines. The payment of bonuses, performance rights and other incentive payments are reviewed by the Remuneration and Nomination Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, performance rights and incentives must be linked to pre-determined performance criteria. The Board can exercise its discretion in relation to approving the incentives, bonuses and performance rights and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. Details of such incentives awarded during the year are detailed below.

To assist in achieving these objectives, the Remuneration and Nomination Committee links the nature and amount of executive directors' and officers' remuneration to the Company's financial and operational performance and shareholders' value.

Performance-based remuneration

Executives have short-term 'at risk' cash bonuses, the payment of which depends on the executive meeting their KPIs. Additional bonuses for exceptional performance in relation to the pre-agreed KPIs may be paid up to a maximum of three times the target bonus. The KPIs are set annually after consultation with the directors and executives. The measures are specifically tailored to the areas where each executive has a level of control. The KPIs target areas the Board believes hold the greatest potential for expansion and profit, covering financial and non-financial goals, for both the short and long-term. They can include financial, people, client, strategy and risk measures.

Executive directors can receive performance rights with vesting conditions tied to the cumulative ordinary EPS of the Company over a three-year period.

The performance-based remuneration does not include any clawback provisions.

Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There have been two methods applied in achieving this aim, the first being annual salary reviews based on key performance indicators, and the second being the issue of shares and options to selected directors and executives to encourage the alignment of personal and shareholder interests. During this financial year, Mr Luke Tuddenham obtained his USA Green Card and was promoted to CEO to take effect on 1 November 2021. His package was amended from an expat package to a USA executive package commensurate with the change in role and responsibilities.

Directors' Report

Of the 450,000 performance rights issued to Directors at the 2018 AGM only 50,000 vested as the profit hurdle for FY2021 was met, and as a result 50,000 shares were issued during FY2022. The balance of the performance rights have lapsed.

During FY2022 executive bonuses increased in line with the performance of the business as sales, margin and net profit targets in incentive plans were outperformed.

The following table shows the net profit and dividends for the last five years for the listed Company, as well as the share price at the end of the respective financial years. The analysis reflects the steady improvement in performance since 2018 with 2021 being a record performance for CPT. The net loss in 2020 includes the write down in goodwill of \$4.2m. The board believes the remuneration policy is effective and can be linked to current years result.

	2018	2019	2020	2021	2022
Net profit/(loss)	\$0.8m	\$1.0m	(\$3.3m)	\$3.4m	\$1.5m
Share price at year end	\$0.12	\$0.20	\$0.115	\$0.50	\$0.37
Dividends paid and declared	0.25c	0.75c	1.25c	5.0c	2.5c

During the year, no shares were purchased as part of the share buyback. The share price during the year ranged from a low of \$0.37 to a high of \$0.68.

Remuneration of Non-executive Directors

Non-executive Directors are entitled to a fixed fee per annum for acting as a Director of CPT Global. No additional fees are paid for membership of an active committee.

Under CPT Global's Constitution, Non-executive Director's fees cannot exceed the aggregate cap approved by shareholders by an ordinary resolution. The current cap is \$300,000 and was adopted at the 2018 AGM. The aggregate fees paid to non-Executive directors in the 2022 financial year do not exceed the cap.

There has been no change to the fees paid to individual Non-executive Directors during or after the year end.

Remuneration of Senior Executives

The executive directors and the executives specified in this remuneration report, have their employment conditions formalised in contracts of employment and are permanent employees of CPT Global Limited.

The employment contracts are for a fixed term of one year and contain the following common features:

- an annual review of the Base Salary which is dependent upon CPT Global's performance, the individual's performance, and market changes. Any increase has to be approved by the Managing Director and the Remuneration and Nomination Committee;
- short term performance incentive payments are paid, dependent upon CPT Global achieving its objectives and the individual achieving their KPIs;
- at CPT Global's discretion, allowances and adjustments to Base Salary may be paid when an Executive is required to travel on CPT Global business. Any adjustments must be agreed in advance, documented in writing and signed by the Executive and the Company;
- post-employment restraints covering non-solicitation of employees, contractors and clients and non-competition;
- CPT Global may at its discretion elect to make payment in lieu of notice when the contract is terminated by the employee or the Company;
- a contract can be terminated immediately without notice by CPT Global for serious misconduct; and
- any options not vested as at the date of termination will lapse.

Directors' Report

Specific details of each Senior Executive's contract of employment which applied at the end of the financial year ending 30 June 2022 are summarised in the tables on the following pages.

Summary of Contracts of Employment Applicable at 30 June 2022

Luke Tuddenham			
Position	CEO and Managing Director		
Fixed Remuneration			
Base Salary excl statutory on-costs	US\$350,000		
401K (incl. matching)	US\$42,000		
Medical Insurance	US\$33,612		
Non-monetary benefits	Mobile telephone, car park, road tolls, petrol, motor vehicle lease, education expenses and other miscellaneous expenses		
Performance Based Remuneration			
Annual target bonus	USD\$125,000		
Other benefits	Nil		
Post-employment benefits	Nil		
Post-employment restraint	12 months		
Termination	4 weeks notice		
Termination benefits	Nil		
Gerry Tuddenham		Grant Sincock	
Position	Executive Director	Chief Financial Officer & Company Secretary (resigned 13 May 2022)	
Fixed Remuneration			
Base Salary	\$387,385	\$265,000	
Superannuation	\$27,500	\$26,500	
Non-monetary benefits	Mobile telephone, car park, road tolls and superannuation.	Mobile telephone, road tolls and salary sacrifice arrangements for motor vehicle and superannuation.	
Performance Based Remuneration			
Annual target bonus	N/a	\$30,000	
Other benefits	Nil	Nil	
Post-employment benefits	Nil	Nil	
Post-employment restraint	6 months	6 months	
Termination	4 weeks notice	4 weeks notice	
Termination benefits	Nil	Nil	

Directors' Report

Details of remuneration for the year ended 30 June 2022

Details of the nature and amount of each element of the remuneration of each director of the Company and executive officers of the company and the Group receiving the highest remuneration for the financial year and its comparative year are as follows:

	Salary	Short-Term Benefits			Post Emp't Benefits		Other Long-Share Based Payments	Total	Performance related
		Annual & Long Service Leave	Short-term Bonus	Other Benefits	Super	Other			
	\$	\$	\$	\$	\$	\$	\$	\$	
Directors									
Fred Grimwade									
2022	78,647	-	-	7,798	-	-	86,445	0.0%	
2021	82,546	-	-	7,408	-	-	89,954	0.0%	
Nigel Sandiford									
2022	50,228	-	-	5,023	-	-	55,251	0.0%	
2021	52,739	-	-	4,772	-	-	57,511	0.0%	
Luke Tuddenham									
2022 - Managing Director	524,796	41,492	205,510	149,038	-	-	130,092	1,050,929	19.56%
2021 - VP N: America	340,221	28,234	280,985	254,345	47,289	-	-	951,074	29.54%
Gerry Tuddenham									
2022 - Managing Director	134,660	18,856	-	2,148	9,167	-	-	164,831	0.0%
2022 - Executive Director	131,330	(48,622)	-	4,295	18,333	-	-	105,337	0.0%
Total 2022	265,991	(29,766)	-	6,443	27,500	-	-	270,168	0.0%
2021	243,661	14,172	-	10,125	25,000	-	-	292,959	0.0%
Total Remuneration									
2022	919,662	11,726	205,510	155,481	40,321	-	130,092	1,462,792	14.05%
2021	719,168	42,406	280,985	264,470	84,468	-	-	1,391,497	20.19%
Executive Officers									
Grant Sincock									
2022	302,089	8,370	44,000	688	28,349	14,508	-	398,004	11.06%
2021	253,668	(1,727)	70,000	1,097	25,000	-	-	348,038	20.11%
Total Remuneration	302,089	8,370	44,000	688	28,349	14,508	-	398,004	11.06%
2021	253,668	(1,727)	70,000	1,097	25,000	-	-	348,038	20.11%

Notes

- The elements of remuneration have been determined based on the cost to the group.
- In FY2021 other Benefits for Mr Luke Tuddenham include expatriate costs. Mr Luke Tuddenham and CPT entered a new arrangement applicable from 1 April 2021 which did not include certain expatriate costs. The terms of that arrangement are disclosed on page 15
- Mr Luke Tuddenham and CPT are currently negotiating a new contract which will not include any expatriate costs, and his role as Managing director his annual target bonus will be increased to USD 250,000
- Grant Sincock resigned on 13 May 2022.

Directors' Report

Performance income as a proportion of total remuneration

Executive directors and executives are paid performance related bonuses based on set monetary figures, rather than proportions of salary since these payments are discretionary. This has led to the proportions of remuneration related to performance varying between individuals.

Performance Rights granted as remuneration

	Granted No.	Grant Date	Vested No.	Value per Share at Grant Date \$	Exercise Price \$	Last Exercise Date
Luke Tuddenham	1,000,000	29/11/21	-	\$0.66	\$0.00	29/11/24
Total	1,000,000		-			

Further details on the service and performance criteria attached to these rights can be found in note 20.

	Balance at beginning of Period	Granted as Remuneration	Rights Exercised	Rights Lapsed /Cancelled	Balance at End of Period	Exercisable at End of Period	Vested and Unexercised at End of Period
Luke Tuddenham	1,000,000	-	-	-	1,000,000	-	-
Total	1,000,000	-	-	-	1,000,000	-	-

Shareholdings of Key Management Personnel

Shares held by key management personnel directly, indirectly or beneficially including their related parties:

Shares held in CPT Global Limited	Balance 1 July 2020 Ord	Granted as Remuneration Ord	On Exercise of Options Ord	Net Change Other Ord	Balance 30 June 2021 Ord
Fred S Grimwade	718,200	-	-	-	718,200
Nigel Sandiford (resigned 1 August 2022)	229,836	-	-	10,981	240,817
Gerry Tuddenham	12,946,902	-	-	892,704	13,839,606
Luke Tuddenham	891,254	-	-	100,081	991,335
Specified Executives					
Grant Sincock (resigned 13 May 2022)	196,310	35,928	-	22,044	254,282
Total	14,982,502	35,928	-	1,025,810	15,052,905

Directors' Report

Shares held in CPT Global Limited	Balance 30 June 2021 Ord	Granted as Remuneration Ord	On Exercise of Options Ord	Net Change Other Ord	Balance 30 June 2022 Ord
Fred S Grimwade	718,200	-	-	-	718,200
Nigel Sandiford (resigned 1 August 2022)	240,817	-	-	68,241	309,058
Gerry Tuddenham	13,839,606	-	50,000	470,467	14,360,073
Luke Tuddenham	991,335	-	-	75,513	1,066,848
Specified Executives					
Grant Sincock (resigned 13 May 2022)	254,282	-	-	-	254,282
Total	15,052,905	-	-	700,977	16,745,217

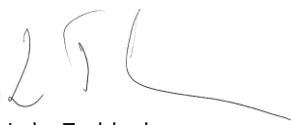
AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 19 of the directors' report.

ROUNDING

The amounts contained in this report and in the financial statements have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.



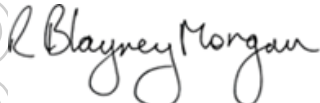
Luke Tuddenham
Managing Director
Aspen Colorado, 30 September 2022

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF CPT GLOBAL LIMITED**

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 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.

SW Audit (formerly ShineWing Australia)
Chartered Accountants



R Blayney Morgan
Partner

Melbourne, 30 September 2022

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2022

	Notes	2022 \$'000	2021 \$'000
Revenue	2	29,941	33,256
Other income	2	16	153
Salaries and employee benefits		(2,768)	(2,328)
Consultants benefits		(21,741)	(24,011)
Depreciation and amortisation		(16)	(130)
Insurance		(355)	(310)
Finance costs		(92)	(191)
Occupancy costs		(266)	(193)
Other expenses		(2,689)	(1,720)
Foreign currency gains/(losses)		23	(50)
PROFIT BEFORE INCOME TAX		2,053	4,478
INCOME TAX EXPENSE	4	(581)	(1,073)
PROFIT AFTER INCOME TAX		1,472	3,405
Other Comprehensive Income:			
Items that may be subsequently reclassified to comprehensive income			
Exchange differences on translating foreign controlled entities		(463)	(289)
Total Other Comprehensive Loss for the year, net of tax		(463)	(289)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,009	3,116
PROFIT ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED		1,472	3,405
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF CPT GLOBAL LIMITED		1,009	3,116
Basic earnings per share (cents per share)	23	3.54	8.77
Diluted earnings per share (cents per share)	23	3.49	8.76

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Financial Position

AT 30 JUNE 2022

	Notes	2022 \$'000	2021 Restated \$'000
CURRENT ASSETS			
Cash and cash equivalents	6	4,087	4,264
Trade and other receivables	7	5,119	2,954
Contract Assets	8	1,318	1,321
Other current assets	9	639	634
TOTAL CURRENT ASSETS		11,163	9,173
NON-CURRENT ASSETS			
Trade and other receivables	7	2,262	2,768
Deferred tax assets	15	1,200	1,017
Property, plant and equipment	12	14	17
TOTAL NON-CURRENT ASSETS		3,476	3,801
TOTAL ASSETS		14,639	12,975
CURRENT LIABILITIES			
Trade and other payables	13	8,355	6,717
Current tax liabilities	15	52	46
Provisions	16	760	760
TOTAL CURRENT LIABILITIES		9,167	7,523
NON-CURRENT LIABILITIES			
Deferred tax liability	15	121	158
Provisions	16	32	62
TOTAL NON-CURRENT LIABILITIES		153	220
TOTAL LIABILITIES		9,320	7,743
NET ASSETS		5,319	5,232
EQUITY			
Issued capital	17	13,818	13,033
Reserves	18	709	1,049
Accumulated losses		(9,208)	(8,850)
TOTAL EQUITY		5,319	5,232

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2022

	\$'000	\$'000	\$'000	\$'000	\$'000
	Issued Capital Ordinary	Accumulated Losses	Employee Compensation Reserve	Foreign Currency Translation Reserve	Total
Balance at 1 July 2020	12,396	(10,990)	1,706	(369)	2,743
Comprehensive Income					
Profit for the year	-	3,405	-	-	3,405
Other comprehensive loss	-	-	-	(289)	(289)
Total comprehensive income for the year	-	3,405	-	(289)	3,116
Transactions with owners, in their capacity as owners					
Dividends paid or provided for	-	(1,264)	-	-	(1,264)
Issue of shares	637	-	-	-	637
Total transactions with owners, in their capacity as owners	637	(1,264)	-	-	(627)
Balance at 30 June 2021	13,033	(8,849)	1,706	(658)	5,232
Balance at 1 July 2021	13,033	(8,849)	1,706	(658)	5,232
Comprehensive Income					
Profit for the year	-	1,472	-	-	1,472
Other comprehensive loss	-	-	-	(463)	(463)
Total comprehensive income for the year	-	1,472	-	(463)	6,241
Transactions with owners, in their capacity as owners					
Dividends paid or provided for	-	(1,831)	-	-	(1,831)
Issue of shares	785	-	(7)	-	778
Share-based payments	-	-	130	-	130
Total transactions with owners, in their capacity as owners	785	(1,831)	123	-	(923)
Balance at 30 June 2022	13,818	(9,208)	1,829	(1,121)	5,319

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2022

	Notes	2022 \$'000	2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		29,020	36,452
Payments to suppliers and employees		(27,193)	(33,668)
Interest received		5	13
Finance costs		(22)	(59)
Income tax paid		(794)	(175)
NET CASH FLOWS FROM OPERATING ACTIVITIES	19	<u>1,016</u>	<u>2,563</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment, software		(12)	(10)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		<u>(12)</u>	<u>(10)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(Repayments) of borrowings		-	(666)
Payment of dividends on ordinary shares		(1,178)	(695)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		<u>(1,178)</u>	<u>(1,361)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		(175)	1,192
Opening cash and cash equivalents		4,264	3,133
Effects of exchange rate changes on cash and cash equivalents		(2)	(62)
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	6	<u><u>4,087</u></u>	<u><u>4,264</u></u>

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

Year Ended 30 June 2022

1. Summary of Significant Accounting Policies

The consolidated financial statements comprise the financial statements of CPT Global Limited (the Company) and its subsidiaries (the Group). The separate financial statements of the Parent Entity, CPT Global Limited, have not been presented within this financial statement as permitted by the *Corporations Act 2001*.

The principal activities of the Group during the financial year were the provision of specialist IT consultancy services. The registered address and principal place of business is level 3, 818 Bourke Street, Docklands, Victoria.

The financial statements were authorised for issue on 30 September 2022 by the Board of Directors.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Material accounting policies adopted in the preparation of this financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. All amounts are in Australian dollars unless otherwise stated.

Accounting Policies

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (CPT Global Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 10.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

The financial statements of the subsidiaries used in the preparation of these consolidated financial statements have been prepared as of the same reporting date as the parent.

Notes to the Financial Statements

Year Ended 30 June 2022

1. Summary of Significant Accounting Policies (continued)

(b) Income Tax

The income tax expense for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense/(benefit) charged to the profit or loss is the tax payable/(receivable) on taxable income/(loss) for the current period. Current tax liabilities/ (assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or subsequently enacted by the end of the reporting period.

Deferred income tax expense/(benefit) reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profits will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences, and it is probable that the differences will not reverse in the foreseeable future.

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

(c) Contract Assets

Contract assets are revenue that has not been invoiced at period end and is measured and recognised in accordance with the policies set out in note 1(p).

Notes to the Financial Statements

Year Ended 30 June 2022

1. Summary of Significant Accounting Policies (continued)

(d) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost less accumulated depreciation and, where applicable impairment losses.

Property, Plant and equipment

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. When there are indications of any impairment, the recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. 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.

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. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	20% to 50%
Fixtures Fittings and Equipment	33% to 50%
Motor Vehicles	12% to 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These gains and losses are recognised in profit and loss.

(e) Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. A right-of-use asset and a corresponding lease liability is recognised on the balance sheet for all lease arrangements in which CPT is the lessee, except for leases with a term of 12 months or less and leases of low value assets. The lease payments for these leases are recognised as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments less any lease incentives receivable;
- variable lease payments that depend on an index or rate which are initially measured using the index or rate at the commencement date;

Notes to the Financial Statements

Year Ended 30 June 2022

1. Summary of Significant Accounting Policies (continued)

- the amount expected to be paid under residual guarantees;
- the exercise price of purchase options if it is reasonably certain that the option will be exercised; and
- payments of penalties for terminating a lease if the lease term reflects the exercise of an option to terminate a lease.

Lease liabilities are presented in the borrowings line item in the consolidated statement of financial position.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount for lease payments made.

The lease liability is remeasured whenever:

- the lease term has changed or there has been a change in the assessment of the exercise of a purchase option as a result of a significant event or change in circumstances;
- the lease payments change due to a change in an index or a change in expected payment under a guaranteed residual value;
- a lease contract is modified and the modification is not accounted for as a separate lease.

Corresponding adjustments to the right-of-use asset are made whenever the lease liability is remeasured. No adjustments to the lease liability were required during this financial period.

Right-of use assets comprise the initial measurement of the lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. Subsequent measurement is at cost less accumulated depreciation and impairment losses.

Right-of use assets are depreciated over the lease term or the useful life of the underlying asset, whichever is the shorter. Depreciation starts from the commencement date of the lease.

Right-of-use assets are presented as a separate line in the consolidated statement of financial position.

(f) Financial Instruments

Recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification of financial assets

Financial assets recognised by the Group are subsequently measured at either amortised cost or fair value subject to their classification. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- (i) measured at amortised cost
- (ii) fair value through profit or loss; and
- (iii) fair value through other comprehensive income.

The classification of financial assets is based on both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

CPT does not have any financial assets categorised as fair value through other comprehensive income.

Notes to the Financial Statements

Year Ended 30 June 2022

1. Summary of Significant Accounting Policies (continued)

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the Group for the acquisition of a business and financial liabilities designated at fair value through profit or loss are subsequently measured at fair value.

All other financial liabilities recognised by the Group are subsequently measured at amortised cost.

Impairment of Financial Assets

At the end of each reporting period, the Group tests financial assets for impairment by applying the expected credit loss impairment model.

The Group has adopted the simplified approach under AASB 9 Financial Instruments to measure the allowance for credit losses for receivables from contracts with customers and contract assets. The allowance for credit losses is determined based on the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the credit losses that are expected to result from default events over the life of the financial asset. The Group has no other financial assets subject to impairment testing under AASB 9.

In applying the simplified approach under AASB 9, the Group uses a provision matrix based on historical experience at the client and segment level, adjusted for factors that are specific to the financial asset, as well as current and future expected economic conditions relevant to the financial asset. The time value of money is incorporated into the measurement of expected credit losses if it is material. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

Contractual payments more than 180 days past due are considered default events for the purpose of measuring expected credit losses based on the historical experience of the Group.

The measurement of expected credit losses reflects the Group's expected rate of loss and is measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the Group's exposure at default, discounted at the financial asset's effective interest rate, where appropriate.

Financial assets are considered credit impaired when one or more events has occurred that provides objective evidence that there has been a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is credit impaired include observable data that: the debtor has significant financial difficulties; the debtor is likely to enter bankruptcy or financial reorganisation; breaches of contract have occurred; and the debtor has defaulted or there is delinquency in payments. Financial assets which are not collectible are written off by reducing the carrying amount directly when CPT has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by CPT. Any financial assets that have been written off but subsequently recovered in whole or in part are recognised in profit or loss.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 15: *Revenue*. Where the Group gives guarantees in exchange for a fee, revenue is recognised under AASB 15.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Notes to the Financial Statements

Year Ended 30 June 2022

1. Summary of Significant Accounting Policies (continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Receivables

Trade receivables are a part of financial instruments (loans and receivables) and are initially recognised at transaction price and are subsequently measured at amortised cost less any impairment allowance. Trade receivables are generally due for settlement within 30 days.

(h) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised as an expense in the profit and loss.

Impairment testing is performed annually for goodwill and other intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Non-financial assets, other than goodwill that suffered impairment, are reviewed for possible reversals of the impairment at the end of each reporting period.

(i) Intangibles

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and 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.

Intellectual Property

Intellectual property is recognised at the cost of acquisition and has an indefinite useful life. Intellectual property is tested annually for impairment and carried at cost less accumulated impairment losses.

Computer Software

Computer software is recognised at the cost of acquisition. Computer software costs have a finite useful life and are carried at cost less accumulated amortisation and any impairment losses. Computer software costs are amortised on a straight-line basis over their useful life. The amortisation rate used for software costs varies from 14% to 50%.

Notes to the Financial Statements

Year Ended 30 June 2022

1. Summary of Significant Accounting Policies (continued)

(j) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are re-translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedges. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the underlying gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

On consolidation, exchange differences arising from translation of transactions considered to be net investment in foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

(k) Trade and other payables

Trade and other payables are a part of financial instruments (non-derivative financial liabilities). These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(l) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cashflows.

(i) *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services up to the end of the reporting period and are measured at the undiscounted amounts expected to be paid when the liabilities are settled. When measuring sick leave entitlement, only the unutilised entitlement that is likely to be utilised over and above the leave entitlement that continues to accrue in the future periods is taken into account.

Notes to the Financial Statements

Year Ended 30 June 2022

1. Summary of Significant Accounting Policies (continued)

(ii) *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. 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 end of the reporting period on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Retirement benefit obligations*

Contributions to defined contributions superannuation funds are recognised as an expense as they become payable.

(iv) *Share-based payments*

Share-based compensation benefits are provided to certain directors and employees via the CPT Employee Equity Plan. Information relating to this scheme is set out in note 20.

The fair value of performance rights granted under the CPT Employee Equity Plan is recognised as an employee benefit expense with a corresponding increase in equity in the period the rights are granted. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the rights.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the right.

The fair value of the rights granted is adjusted to reflect market vesting conditions but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of rights that are expected to become exercisable. At the end of each reporting period, the Group revises its estimate of the number of rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates, if any, is recognised in the profit and loss with a corresponding adjustment to equity.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the end of the reporting period.

(n) Issued Capital

Issued and paid-up capital is recognised at the fair value of the consideration received by the Group.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Notes to the Financial Statements

Year Ended 30 June 2022

1. Summary of Significant Accounting Policies (continued)

(p) Revenue and Other Income

The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services.

The Group enters contracts with clients to provide IT consulting services on a time and materials, fixed price, milestone based and risk/reward basis, or variations thereof. The performance obligations in each contract are identified and the total transaction price for each contract is allocated against the various performance obligations based on their stand-alone selling prices. The transaction price excludes any amounts collected on behalf of third parties.

The Group determines the stand-alone selling price by direct reference to contracts and pricing schedules for the services being delivered.

Revenue is recognised either at a point in time or over time as performance obligations are satisfied by transferring the goods or services to the client. Revenue is recognised over time if:

- the client simultaneously receives and consumes the benefits as the Group performs;
- the client controls the asset as the Group creates or enhances it; or
- the Group's performance does not create an asset for which the client has an alternative use and there is a right to payment for performance to date.

If the criteria above are not met, revenue is recognised at a point in time.

When revenue is recognised over time the progress towards complete satisfaction of the performance obligations as the services are delivered is measured using the stage of completion method, except for risk/reward contracts as discussed below. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated hours for each performance obligation. Clients are invoiced monthly in arrears unless the contract specifies otherwise. Payment terms are generally 30 days. Any amounts that remain unbilled at the end of a reporting period are presented in the statement of financial position as contract assets. Only the passage of time is required before these amounts are invoiced and collected.

Risk/reward revenue is recognised by measuring the progress towards complete satisfaction of the performance obligations. The method of measuring progress is determined using an output method as the Group has determined that an output method best reflects the pattern of transfer of value to the customer. The output is measured in either MIPS or MSUs saved for the customer and the progress is measured by reference to the MIPS or MSUs saved to date as a percentage of total estimated MIPS or MSUs for each performance obligation. The MIPS or MSUs saved to date is determined by identifying all opportunities identified at a point in time and weighting the likelihood of the client realising the savings based on fixed and measurable stages in a risk/reward project. The weighting at each stage is based on the Group's experience completing risk/reward projects. Clients are invoiced in accordance with the contract terms which generally stipulate that invoices can be submitted when the savings have been measured and confirmed by the client and the Group. Payment terms are generally 30 days. Any amounts that remain unbilled at the end of a reporting period are presented in the statement of financial position as contract asset.

Clients may be invoiced in advance for the provision of services and this is recognised as a liability until the Group provides, and the client consumes, the benefits of the service.

Interest revenue is recognised on a proportional basis considering the effective interest rates applicable to the financial assets.

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

(q) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use of those assets, until such time as the assets are substantially ready for their intended use or sale.

Notes to the Financial Statements

Year Ended 30 June 2022

1. Summary of Significant Accounting Policies (continued)

(r) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(s) Consumption Taxes (GST and VAT)

Revenues, expenses and assets are recognised net of the amount of GST and VAT, except where the amount of GST and VAT incurred is not recoverable from the taxation authority. In these circumstances the GST and VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST and VAT.

Cash flows are presented in the statement of cash flows inclusive of GST and VAT. The GST and VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

(t) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

(u) Prior Period Restatement

During the year ended 30 June 2022 the Group identified a classification error in the receivables due from the Canada Revenue Agency being classified as offsetting trade and other payables. The impact of adjusting the classification of these balances is shown below:

Notes to the Financial Statements

Year Ended 30 June 2022

1. Summary of Significant Accounting Policies (continued)

STATEMENT OF FINANCIAL POSITION

	As previously presented	Adjustment	As Restated
	\$	\$	\$
30 June 2021			
Assets			
Current assets			
Trade and other receivables	2,954	-	2,954
Total current assets	9,173	-	9,173
Non-current assets			
Trade and other receivables	-	2,898	2,898
Total non-current assets	1,035	2,898	3,933
Total assets	10,208	2,898	13,106
Liabilities			
Current liabilities			
Trade and other payables	3,950	2,898	6,848
Total Current liabilities	4,765	2,898	7,654
Total liabilities	4,976	2,898	7,874
Net assets	5,232	-	5,232

There was no impact on profit or loss, statement of changes in equity or the cash flow statement.

(v) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest \$1,000, or in certain cases the nearest dollar.

(w) Critical Accounting Estimates & Judgements

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

Notes to the Financial Statements

Year Ended 30 June 2022

1. Summary of Significant Accounting Policies (continued)

Key estimates and judgements

(i) Impairment losses on trade and other receivables, and contract assets

An impairment loss is recognised based on an expected credit loss model. The Group assesses the expected credit loss of trade receivables and contract assets based on individual debtor level expectations relative to credit terms. The Group assesses the expected credit loss on receivables due from tax authorities based on the expected recovery. There is a high degree of judgement in estimating whether these receivables require an impairment provision.

(ii) Contract asset

The Group measures contract assets based on information available at the time of recognition. This information includes historical trends, data analysis, significant judgments from key management personnel as to the reasonable expectations of future events and completion of projects in progress. See Note 8 for further details.

(iii) Deferred taxes

In assessing whether future taxable amounts will be available to utilise temporary differences and losses, management review the past performance of the relevant company, the budgets for the forthcoming financial year, forecasts and sales pipelines.

(x) Accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact in the current or future reporting periods.

Notes to the Financial Statements

Year Ended 30 June 2022

2. REVENUE

	2022	2021
	\$'000	\$'000
REVENUE		
Services Revenue – recognised over time	29,941	33,256
Total Revenue	29,941	33,256
OTHER INCOME		
Interest Income	5	13
Government grants received	11	137
Other income	-	2
Total Other Income	16	153

3. PROFIT OR LOSS FOR THE YEAR

	2022	2021
	\$'000	\$'000
Profit or loss for the year also includes the following specific expense items:		
Finance costs:		
Interest expense on borrowings	92	153
Interest on lease liabilities	-	38
Total finance costs	92	191
Foreign currency translation losses	(23)	49
Occupancy expenses	301	243
Depreciation of property plant and equipment	16	15
Depreciation of right of use assets	-	115
Defined superannuation contribution expense – Others	958	1,155
Defined superannuation contribution expense – KMP	129	108

Notes to the Financial Statements

Year Ended 30 June 2022

4. INCOME TAX EXPENSE

	2022	2021
	\$'000	\$'000
Tax expense comprises:		
Current tax	764	895
Deferred tax	(182)	147
Under/(over) provision of previous year	-	31
	<u>581</u>	<u>1,073</u>

The prima facie tax on profit before income tax is reconciled to the income tax as follows:

Prima facie tax on profit before income tax at 25% (2021: 26%)	513	1,164
Tax effect of		
▪ Change in tax rate	24	21
▪ Tax on overseas income at a different rate	73	11
▪ Other non-allowable items	105	(5)
▪ Current year tax losses not brought to account	65	63
▪ Tax losses utilised that were not previously recognised	(314)	(267)
▪ Government grants	-	(23)
▪ Under/(over) provision of previous year	33	31
▪ Non-deductible interest expense	82	78
Income tax expense attributable to the entity	<u>581</u>	<u>1,073</u>

The applicable weighted average effective tax rates are as follows:

28%	24%
-----	-----

5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

	2022	2021
	\$'000	\$'000
(a) Dividends paid during the year		
• <i>Current year interim</i>		
Franked dividends (1.5c per share) (2021: 2.0c per share)	621	786
• <i>Prior year final</i>		
Franked dividends (3.00c per share) (2021: 1.25c per share)	1,209	478
	<u>1,830</u>	<u>1,264</u>
(b) Dividends proposed and not recognised as a liability		
• Franked dividends (1.00c per share) (2021: 3.00c per share)	416	1,209
	<u>416</u>	<u>1,209</u>
(c) Franking credit balance		
Balance of franking account at year end adjusted for:		
• Franking debits arising from payment of proposed dividends	2,291	2,022
	<u>2,291</u>	<u>2,022</u>

Notes to the Financial Statements

Year Ended 30 June 2022

6. CASH AND CASH EQUIVALENTS

	2022 \$'000	2021 \$'000
Cash at bank	<u>4,087</u>	<u>4,264</u>

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<u>4,087</u>	<u>4,264</u>
	<u>4,087</u>	<u>4,264</u>

7. TRADE AND OTHER RECEIVABLES

	Notes	2022 \$'000	2021 \$'000
CURRENT			
Trade receivables	7(a)	4,336	2,784
Provision for impairment		-	-
		<u>4,336</u>	<u>2,784</u>
Other receivables		147	170
GST/ HST receivables	7(c)	636	
		<u>5,119</u>	<u>2,954</u>
NON-CURRENT			
Employee withholding tax receivables	7(b)	-	607
GST/ HST receivables	7(c)	2,262	-
		<u>2,262</u>	<u>607</u>

- Trade receivables are non-interest bearing and generally on 30-day terms. The average credit period on rendering of services is 53 days (2021: 30.6 days).
- Employee withholding tax receivables are refunds expected from the Canada Revenue Agency relating to tax payments made on behalf of employees.
- GST/HST receivables are refunds expected from the Canada Revenue Agency relating to payments made in 2017 – 2020 associated with GST/HST that are expected to be refunded.

Notes to the Financial Statements

Year Ended 30 June 2022

7. TRADE AND OTHER RECEIVABLES (Cont.)

Before accepting new customers, the Group assesses the creditworthiness of the potential client using information provided by independent rating agencies, publicly available information and its own trading record. The Group's client portfolio consists of leading blue chip companies, Fortune Global 500 companies and Government departments within Australia. The profile of the trade receivable balance as at the reporting date is as follows:

Of the trade receivable balance at the end of the reporting period:

- \$960k (2021: \$886k) was due from a leading banking institution in Australia with an S&P credit rating of AA-;
- \$290k (2021: \$0) was due from a leading Australian online recruitment platform;
- \$340k (2021: \$0) was due from a Victorian government agency;
- \$254k (2021: \$0) was due from an Australian federal government agency;
- \$212k (2021: \$13k) was due from a leading insurance company in the USA; and
- \$1.060m (2021: \$47k) was due from a leading healthcare company in the USA

There are no other customers who represent more than 5% of the total balance of trade receivables.

Of the trade receivables balance at the end of the reporting period, a concentration of \$2.5m (58%) relates to Australia (2021: \$2.4m (86%)) and \$1.6m relates to US (2021: \$299k (11%)). The remaining amounts are not individually significant. All these receivables were collected subsequent to year end

Trade receivables that are past due and are impaired

There are no provision for impairments during the year.

Trade receivables that are past due but not impaired

Included in the trade receivable balance are debtors with a carrying amount of \$491k (2021: \$82k) in the Group which are past due at the end of the reporting period but have not been provided for as there has not been a significant change in credit quality and the amounts are still considered recoverable. The balance relates to two USA clients and one for Australia. Since the end of year we have collected payments for some invoices and are in the process of collecting the balance payments. At this stage no risk is foreseen in collecting all the outstanding payments.

The ageing analysis of trade receivables is:

	2022	2021
	\$'000	\$'000
1-3 months	491	82
Within initial trade terms	<u>3,845</u>	<u>2,702</u>
	<u>4,336</u>	<u>2,784</u>

The carrying value of trade and other receivables approximates its fair value. Trade and other receivables are recoverable within 12 months, hence the effects of discounting is immaterial.

8. CONTRACT ASSETS

	2022	2021
	\$'000	\$'000
Contract asset	<u>1,318</u>	<u>1,321</u>
Total	<u>1,318</u>	<u>1,321</u>

Contract asset represents amounts relating to revenue recognised in accordance with the accounting policies detailed in Note 1(c) that had not been invoiced to the customer as at the end of the reporting period. There is no amount of the contract asset that was initially recognised more than 12 months prior to the end of the reporting period.

Notes to the Financial Statements

Year Ended 30 June 2022

9. OTHER CURRENT ASSETS

	2022	2021
	\$'000	\$'000
Prepayments	639	634
	<u>639</u>	<u>634</u>

Prepayments consists of insurance policies, licence fees, subscriptions and other expenses.

10. INTERESTS IN SUBSIDIARIES

Name	Country of incorporation	Percentage of equity & voting interest held by the economic entity	
		2022 %	2021 %
CPT Global Ltd	United Kingdom	100	100
CPT Global GmbH	Germany	100	100
CPT Global Inc	USA	100	100
CPT Global Consulting Corp	Canada	100	100
CPT Global France	France	100	100
CPT Global Australia Pty Ltd	Australia	100	100
CPT Global International Pty Ltd	Australia	100	100
CPT Global Pte Ltd	Singapore	100	100
CPT Global SRL	Italy	100	100
CPT Consultoria Global Em Informatica Ltda	Brazil	100	100
CPT Global Software Pty Ltd	Australia	100	-

There are no known restrictions on the transfer of cash or assets within the group. No subsidiaries were acquired or sold during the financial year.

11. PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	2022	2021
	\$'000	\$'000
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	1,587	1,584
Non-Current Assets	449	446
Total Assets	<u>2,036</u>	<u>2,030</u>
LIABILITIES		
Current Liabilities	8,557	5,912
Non-Current Liabilities	198	206
Total Liabilities	<u>8,755</u>	<u>6,118</u>
EQUITY		
Issued Capital	13,818	13,033
Reserves	1,731	1,608
Accumulated losses	(22,267)	(18,728)
Total Deficit	<u>(6,718)</u>	<u>(4,087)</u>

Notes to the Financial Statements

Year Ended 30 June 2022

STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

Total profit/(loss)	<u>(6,341)</u>	<u>(1,540)</u>
Total comprehensive profit/(loss)	<u>(6,341)</u>	<u>(1,540)</u>

Guarantees

The parent has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries. Refer to Note 21 for details of bank guarantees in relation to leased offices.

12. PROPERTY, PLANT AND EQUIPMENT

	2022	2021
	\$'000	\$'000
<i>Motor vehicles</i>		
At cost	36	36
Accumulated depreciation	<u>(36)</u>	<u>(36)</u>
	-	-
<i>Office equipment</i>		
At cost	148	139
Disposals	-	(4)
Purchases	16	13
Accumulated depreciation	<u>(150)</u>	<u>(131)</u>
	14	17
<i>Furniture, fixtures and fittings</i>		
At cost	6	6
Accumulated depreciation	<u>(6)</u>	<u>(6)</u>
	-	-
<i>Right of Use Assets</i>		
At cost	11	11
Disposals	<u>(11)</u>	<u>(11)</u>
	-	-
Total property, plant and equipment	<u>14</u>	<u>17</u>

(a) Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

	2022	2021
	\$'000	\$'000
<i>Motor vehicles</i>		
Cost at beginning of year	35	35
Movements in exchange rate	<u>1</u>	<u>1</u>
Cost at end of year	<u>36</u>	<u>36</u>
Accumulated depreciation at beginning of year	(35)	(35)
Depreciation and effects of movements in exchange rate	<u>(1)</u>	<u>(1)</u>
Write back of accumulated amortisation on disposals	-	-
Accumulated depreciation at end of year	<u>(36)</u>	<u>(36)</u>
Carrying amount	<u>-</u>	<u>-</u>

Notes to the Financial Statements

Year Ended 30 June 2022

12. PROPERTY, PLANT AND EQUIPMENT (Cont.)

	2022 \$'000	2021 \$'000
<i>Office Equipment</i>		
Cost at beginning of year	148	139
Purchases	16	13
Disposals	-	(4)
Cost at end of year	<u>164</u>	<u>148</u>
Accumulated depreciation at beginning of year	(131)	(119)
Depreciation and effects of movements in exchange rate	(19)	(12)
Accumulated depreciation at end of year	<u>(150)</u>	<u>(131)</u>
Carrying value	<u>14</u>	<u>17</u>
<i>Furniture, fixtures and fittings</i>		
Cost at beginning of year	5	5
Cost at end of year	<u>5</u>	<u>5</u>
Accumulated depreciation at beginning of year	(4)	(4)
Depreciation	(1)	(1)
Accumulated depreciation at end of year	<u>(5)</u>	<u>(5)</u>
Carrying amount	<u>-</u>	<u>-</u>
<i>Right of use assets</i>		
Cost at beginning of year	-	681
Early termination of lease	-	(670)
Cost at end of year	<u>-</u>	<u>11</u>
Depreciation	-	-
Accumulated depreciation at end of year	<u>-</u>	<u>(11)</u>
Carrying amount	<u>-</u>	<u>-</u>

On initial recognition of right of use assets in FY2020 it was assumed that a 3 year option in the lease of our head office would be exercised in FY2021. The lease was only extended for 1 year till the end of June 2023. Therefore, the right of use asset was derecognised.

Notes to the Financial Statements

Year Ended 30 June 2022

13. TRADE AND OTHER PAYABLES

	2022 \$'000	2021 \$'000
CURRENT		
Trade and other payables	6,563	5,055
Accruals	837	872
Annual leave provision	653	563
Contract liabilities	302	227
	8,355	6,717

Due to the short-term nature of these payables, their carrying value is assumed to approximate to their fair value. There are no financial guarantees in place other than the bank guarantee for the head office lease as disclosed in Note 21.

Contract liabilities are recorded as a current liability as the underlying performance obligations are expected to be completed within 12 months. The balance of unearned revenue at 30 June 2021 was recognised as revenue in FY2022.

14. BORROWINGS

	Note	2022 \$'000	2021 \$'000
CURRENT			
Secured borrowings	14(a)	-	-
Lease liabilities	14(b)	-	-
Total current borrowings		-	-
NON-CURRENT			
Lease liabilities	14(b)	-	-
Total non-current borrowings		-	-
Unutilised financing facilities			
Credit facility available		5,000	5,000
Amount secured utilised	14(a)	-	-
		5,000	5,000

- (a) The parent entity has a debtors financing facility in place. The facility is secured by a first registered company charge (mortgage debenture) over the carrying value of the total assets of the parent entity, which totalled \$2.0m at the end of the reporting period. Interest is charged at a 5.5% margin above the 90 day Bank Bill Swap Rate. The maximum facility is \$5m with the available facility based on the value of the Australian debtor book. At 30 June 2022, the available funding under the facility was \$0.8m.
- (b) Lease liabilities were initially recognised at the beginning of FY2020 under AASB 16. At 31 May 2021 the lease liability relating to the Head Office was derecognised as the option in the contract was not exercised. A lease for a photocopier ended in FY2021. CPT had no contracts at 30 June 2022 that would require recognition as leases on the balance sheet.

Notes to the Financial Statements

Year Ended 30 June 2022

15. TAX

	2022	2021
	\$'000	\$'000
LIABILITIES		
Non Current		
Deferred tax liabilities comprise:		
Prepayments	34	42
Unrealised foreign exchange gain	35	116
	<u>69</u>	<u>158</u>
Reconciliation of deferred tax liabilities		
Opening balance	158	86
Debited/(Credited) to the statement of comprehensive income as		
current tax	(89)	72
Closing balance	<u>69</u>	<u>158</u>
ASSETS		
Non Current		
Deferred tax assets comprise:		
Foreign currency losses	628	505
Employee entitlements	376	360
Accruals	37	27
Income losses	123	88
Other	36	37
	<u>1,200</u>	<u>1,017</u>
Reconciliation of deferred tax assets		
Opening balance	1,017	1,092
(Debited)/Credited to the statement of comprehensive income	5 183	(75)
Closing balance	<u>1,200</u>	<u>1,017</u>

The future income tax benefit of the deferred tax assets will only be realised if the conditions of deductibility set out in Note 1(b) occur. Deferred tax assets not brought to account for which the benefits will only be realised if the conditions for deductibility set out in Note 1(b) occur amount to \$712,313 (2021: \$807,886). CPT Global's tax losses that have not been brought to account are generally not subject to restrictions. Of the losses not brought to account in FY2021 66% relate to the UK.

Notes to the Financial Statements

Year Ended 30 June 2022

16. PROVISIONS

	2022	2021
	\$'000	\$'000
Current		
Employee benefits – Long Service Leave	760	760
Total Current Provisions	<u>760</u>	<u>760</u>
Non-Current		
Employee benefits – Long Service Leave	32	62
Total Non-Current Provisions	<u>62</u>	<u>62</u>
Total Provision	<u>792</u>	<u>822</u>

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(l) to these financial statements.

Analysis of Total Provisions

	Long Service Leave	Total
	\$'000	\$'000
Opening balance at 1 July 2021	822	822
Provided for during the year	(4)	(4)
Taken during the year	(26)	(26)
Balance at 30 June 2022	<u>792</u>	<u>792</u>

17. ISSUED CAPITAL

(a) Issued and paid up capital

	2022	2021
	\$'000	\$'000
41,607,143 (2021: 40,306,551)		
fully paid ordinary shares	13,818	13,033
	<u>13,033</u>	<u>13,033</u>

(b) Movements in shares on issue

	2022		2021	
	Number of shares	\$'000'	Number of shares	\$'000'
Beginning of the financial year	40,306,551	13,033	38,260,251	12,396
New shares issued	1,300,592	735	2,046,300	637
End of the financial year	<u>41,607,143</u>	<u>13,818</u>	<u>40,306,551</u>	<u>13,033</u>

- (i) Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. During the year ended 30th June 2020 no ordinary shares were bought back under the on market buyback (2021: 0). Ordinary shares have no par value.
- (ii) The on market buyback commenced on the 27th August 2020 with 3,000,000 shares being the maximum to be bought back of which 2,385,106 were outstanding as at 30 June 2022.

Notes to the Financial Statements

Year Ended 30 June 2022

17. ISSUED CAPITAL (Cont.)

(c) Options

For information relating to the CPT Global Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 20 Share-based payments.

For information relating to share options issued to key management personnel during the financial year, refer to the Note 20 Share-Based Payments.

(d) Capital Management

Management controls the capital of the Group in order to maintain an appropriate debt to equity ratio, provide shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group does not currently have significant debt capital employed in the business as indicated in the following table. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusts its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders, share buy-backs and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the Group's gearing ratio remains at an appropriate level between 0% and 50%.

The gearing ratios for the year ended 30 June 2022 and 30 June 2021 are as follows:

	2022 \$'000	2021 \$'000
Borrowings	-	-
Lease liabilities	-	-
Less cash and cash equivalents	(4,087)	(4,264)
Net Debt	(4,087)	(4,339)
Total equity	5,319	5,232
Total capital employed	5,319	5,232
Gearing ratio	0%	0%

A bank guarantee facility provided by the Company's banker is cash backed in the amount of \$191k. The cash is not available for CPT Global to utilise until the bank guarantee is returned to our Banker at the end of the lease. The lease expires in June 2023.

Notes to the Financial Statements

Year Ended 30 June 2022

18. RESERVES

(a) Foreign currency translation

The foreign currency translation reserve records exchange differences arising on translation of the financial statements of foreign subsidiaries.

(b) Equity reserve

The equity reserve is a non-distributable reserve used to record share-based payment expense.

(c) Analysis of items of other comprehensive income by each class of reserve

	2022 \$'000	2021 \$'000
Foreign currency translation reserve		
Exchange difference on translating foreign controlled entities	(463)	(289)
Movement in foreign currency translation reserve	(463)	(289)
Total other comprehensive income for the year	(463)	(289)

19. CASH FLOW INFORMATION

	2022 \$'000	2021 \$'000
(a) Reconciliation of the profit after tax to the net cash flows from operations		
Net profit/(loss)	1,472	3,405
Non-Cash Items		
Depreciation and amortisation of non-current assets	16	130
Share-based payments	133	68
Changes in assets and liabilities		
Decrease in trade and term receivables	(1,878)	191
(Increase) in prepayments	(44)	(141)
Decrease/(Increase)/ in contract asset	3	(206)
(Increase)/decrease in deferred tax asset	(182)	75
Increase/(decrease) in trade payables and accruals	1,344	(1,931)
Increase) in income taxes payable	6	752
(Decrease) in deferred tax liabilities	(36)	70
Increase in employee entitlements	182	150
Net cash flow from operating activities	1,016	2,563

There were no acquisitions or disposals of subsidiaries in the 2022 financial year.

Notes to the Financial Statements

Year Ended 30 June 2022

20. SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2022:

Directors Performance Rights	Issue date	Expiry date	Exercise Price	As at 1 July 2021	Granted	Forfeited/ Exercised/ transferred / expired	As at 30 June 2022
	29/11/21	28/11/24	\$0.00	-	1,000,000	-	1,000,000
				-	1,000,000	-	1,000,000

On 29 November 2021, at the Company's Annual General Meeting, 1,000,000 performance rights were granted to Luke Tuddenham to take up ordinary shares at an exercise price of \$0.00 per share. The fair value of these performance rights at the date of grant was \$616,346. The fair value has been calculated using a Black Scholes pricing methodology using the following inputs:

Weighted average exercise price	\$0.00
Maximum life of right	3 years
Underlying share price	\$0.660

As the exercise price is \$0.00, share price volatility, risk free interest rate and dividend yield do not have a material impact on the fair value of the performance rights.

The exercise of the performance rights related to FY2022 was contingent upon the following conditions being met:

No of Shares to be Issued	Conditions to be met
1,000,000	at least 10% of the Company's revenue, as reported in the Company's 30 June 2024 Annual Report is earned from the sale, subscription or licensing of software and intellectual property; and
	the cumulative earnings per share (EPS) as reported in the Company's Annual Report for the 3 financial years ending on 30 June 2022, 30 June 2023 and 30 June 2024 is equal to or greater than the cumulative basic EPS target over the 3-year period from 1 July 2021 to 30 June 2024.

The performance rights hold no voting or dividend rights, are not transferrable and will lapse in the event of the resignation of the director.

Notes to the Financial Statements

Year Ended 30 June 2022

20. SHARE-BASED PAYMENTS (continued)

An amount of \$130,092 pertaining to these entitlements has been included in the statement of comprehensive income for the period.

Information with respect to the number of performance rights granted is as follows:

	2022		2021	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	50,000	-	450,000	-
Granted	1,000,000	-	-	-
Exercised	50,000	-	-	-
Expired	-	-	400,000	-
Outstanding at year end	1,000,000	-	50,000	-

There are no other options or performance rights granted by CPT Global Limited to any other party. Options do not confer on the holder any right to vote or participate in the dividends of the Company and are not transferable.

21. CONTINGENT LIABILITIES

Guarantees

CPT Global Limited has provided a guarantee of \$124k (2021: \$124k) to third parties in relation to its performance and obligations in respect of property lease rentals. The guarantee is secured against a term deposit equal to the value of the guarantee. The guarantee is for the term of the lease. The guarantee for lease covers the next 12 months.

22. EVENTS AFTER THE REPORTING PERIOD

On 31st August 2022, a fully franked final dividend of 1.00 cent per share was declared for the 2022 financial year.

Notes to the Financial Statements

Year Ended 30 June 2022

23. EARNINGS PER SHARE

	2022 \$'000	2021 \$'000
(a) The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net (loss)/profit & earnings used in calculating basic and diluted earnings per share	<u>1,472</u>	<u>3,404</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	41,607,143	40,306,551
Weighted average number of options outstanding	594,521	50,000
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	<u>42,201,664</u>	<u>40,356,551</u>

24. AUDITORS' REMUNERATION

	2022 \$'000	2021 \$'000
Amounts received or due and receivable by ShineWing Australia and Mazars London for:		
• an audit or review of the financial statements of the Company and any other entity in the Group	143	123
• other services in relation to the Company and any other entity in the Group		
- tax compliance	13	20
- other services	-	1
Services relate to accounting and taxation services.	<u>156</u>	<u>144</u>

25. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names and positions held of economic entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
Fred S Grimwade	Non-executive Chairman
Nigel Sandiford	Non-executive Director (resigned 1 August 2022)
Luke Tuddenham	Chief Executive Officer
Grant Sincock	Company Secretary and Chief Financial Officer (resigned 13 May 2022)
Gerry Tuddenham	Executive Director

Notes to the Financial Statements

Year Ended 30 June 2022

25. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

b) Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid to each member of the Group's key management personnel for the year ended 30 June 2022.

The totals of remuneration paid to key management personnel of the Company and the Group during the year are as follows:

	2022 \$000	2021 \$000
Short-term employee benefits	1,780	1,675
Post-employment benefits	69	109
Other long-term benefits	24	24
Share based payments	130	-
	2,003	1,809

26. RELATED PARTY DISCLOSURES

(a) Controlling Relationships

Interests in subsidiaries are set out in note 10. The parent entity and the ultimate controlling party of the group is CPT Global Limited.

(b) Key management personnel

Disclosures relating to key management personnel are set out in the Remuneration Report and note 25. Key management personnel include the board of directors and key executives who are accountable and responsible for the operational, management and strategic direction of the Group.

(c) Transactions with related parties

During the financial year there were no transactions with related parties.

27. OPERATING SEGMENTS

Identification of Reportable Segments

CPT Global Limited has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing the performance and determining the allocation of resources. The reportable segments disclosed are based on a geographical basis.

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

- services provided by the segment;
- the type of customer for the services provided; and
- external regulatory requirements

Notes to the Financial Statements

Year Ended 30 June 2022

27. OPERATING SEGMENTS (continued)

Types of Services by Segment

Below outlines the major lines of services provided to customers for each reportable segment:

Australia

- Transformation and Modernisation services
- Program Governance and Assurance Services
- Quality Assurance Services
- Mainframe and Midrange Optimisation and Cost Reduction Services
- Capacity Management Services

Europe

- Mainframe & Midrange performance
- Technical Support services

North America

- Mainframe & Midrange performance
- Management, Functional & Automation Testing
- Technical Support services
- Cost Reduction
- Capacity Planning

Basis of accounting for purposes of reporting by reportable segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Inter-segment transactions

Segment revenues, expenses and results exclude transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar services to parties outside of the Group on an arm's length basis. These transfers are eliminated on consolidation.

Segment Assets and Liabilities

Segment assets and liabilities reported are based on the internal reports reviewed by the Board of Directors. Assets include trade debtors and contract asset balances. Liabilities include trade creditors and accruals.

Unallocated items

The Board of Directors review segment performance to the gross profit level. All other items of revenue and expenses are not allocated to operating segments as they are not considered part of the core operations of any segment. Liabilities are not reported by segment for internal reporting purposes for the Board of Directors and therefore have been treated as unallocated items.

Notes to the Financial Statements

Year Ended 30 June 2022

27. OPERATING SEGMENTS (continued)

Segment Performance

	Australia		Europe		North America		Consolidated	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
REVENUE								
External Sales recognised over time	14,937	19,989	44	740	14,960	12,527	29,941	33,256
Total Group Revenue	-	-	-	-	-	-	29,941	33,256
Segment Gross Profit before tax	3,671	5,467	(16)	285	7,604	6,202	11,276	12,107
<i>Reconciliation of segment result to group profit/loss before tax</i>								
Goodwill impairment								
Unallocated Items								
- Overheads	-	-	-	-	-	-	(9,223)	(7,629)
Profit/ (Loss) before tax							2,053	4,478

Segment Assets

	Australia		Europe		North America (restated)		Consolidated	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Segment Assets	2,674	2,658	(29)	105	5,907	4,110	8,552	6,873
Segment asset increases for the period:								
- Capital Expenditure	-	-	-	-	-	-	-	-
	2,674	2,658	(29)	105	5,907	4,110	8,552	6,873
<i>Reconciliation of segment assets to group assets</i>								
Unallocated assets:								
- Property, plant & equipment	-	-	-	-	-	-	14	17
- Other Assets	-	-	-	-	-	-	6,015	6,009
Total Group Assets							14,581	12,900

Notes to the Financial Statements

Year Ended 30 June 2022

27. OPERATING SEGMENTS (Continued)

Segment Liabilities

	Australia		Europe		North America (restated)		Consolidated	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Segment Liabilities	5,250	4,594	1,095	589	2,005	1,505	8,349	6,688
	5,250	4,594	1,095	589	2,005	1,505	8,349	6,688
<i>Reconciliation of segment liabilities to group liabilities</i>								
Unallocated liabilities:								
- Provisions	826	863	-	-	87	117	913	980
Total Group Liabilities							9,262	7,668

Major Customers

CPT Global Limited provides services to a range of clients in the financial services, superannuation, healthcare and government industries. CPT's top 10 clients account for 90% of the Group's global revenue (2021: 89%), totalling \$26.9m (2021: \$29.5m). Four of CPT's clients contributed more than 10% of the annual revenue (28% - a major American bank, 17% - a major Australian Bank, 13% - a major healthcare provider in US and 11% - an Australian government department).

28. FINANCIAL INSTRUMENTS

Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

Derivatives may be used by the Group for hedging purposes. Such instruments include forward exchange and currency option contracts. The Group does not speculate in the trading of derivative instruments.

The board of directors is responsible for monitoring and managing financial risk exposures of the Group. The board reviews the effectiveness of internal controls relating to interest rate risk and foreign currency risk. The overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance from financial and currency rate risk.

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

(a) Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value and cash flows will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Notes to the Financial Statements

Year Ended 30 June 2022

28. FINANCIAL INSTRUMENTS (Continued)

Economic Entity	Floating interest rate		Fixed interest rate maturing in 1 to 5 years		Non-interest bearing		Total carrying amount as per statement of financial position		Weighted average effective interest rate	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 %	2021 %
<i>(i) Financial assets</i>										
Cash and cash equivalents	4,087	4,264	-	-	-	-	4,087	4,264	0.10	0.03
Trade receivables	-	-	-	-	5,119	2,954	4,425	2,954		
Total financial assets	4,087	4,264	-	-	5,119	2,954	9,206	7,218		
<i>(ii) Financial liabilities at amortised cost</i>										
Bank overdrafts	-	-	-	-	-	-	-	-	8.0	8.6
Trade and sundry payables	-	-	-	-	6,563	5,055	6,563	5,055		
Borrowings	(57)	(76)	-	-	-	-	(57)	(76)		
Total financial liabilities	(57)	(75)	-	-	6,563	5,055	6,466	4,998		

Interest rate risk arises on cash and cash equivalents, debtor funding facilities and bank overdrafts. Interest rate risk is managed by monitoring and reviewing cash flow forecasts and the trade receivables balance of the Group.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for cash and cash equivalents as this is the only financial instrument materially exposed to floating interest rates. The analysis is based on actual monthly borrowing amounts throughout the year, as reported to management, with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease has been used and represents management's assessment of the possible changes in interest rates. At the reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit before income tax would increase by \$46k and decrease by \$46k (2021: increase by \$29k and decrease by \$29k).

(b) Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of services in currencies other than the group's functional currency, and the translation of foreign subsidiary results, financial position and borrowing between the group on consolidation.

Notes to the Financial Statements

Year Ended 30 June 2022

28. FINANCIAL INSTRUMENTS (Continued)

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period is as follows:

	Liabilities		Assets	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
US dollars	136	131	256	267
Euro	-	-	38	22

The amounts disclosed above in relation to Australian dollars relate to intercompany payables and receivables in each of the foreign subsidiaries whose functional currency is not Australian dollars.

Foreign currency sensitivity analysis

The Group is mainly exposed to US dollars, Sterling, Euros and Canadian dollars.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used as it represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external assets and liabilities as well as loans, receivables and payables balances with foreign subsidiaries where the denomination of the balance is in a currency other than the functional currency of the lender or borrower. A positive number indicates an increase in profit or loss and other equity where the Australian dollar strengthens against the respective currency. For a weakening of the Australian dollar against the respective currency there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	USD Impact		Sterling Impact		Euro Impact		CAD Impact	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Profit or loss	70	10	24	-	(34)	20	(26)	1
Other equity	(95)	(155)	(200)	(235)	(134)	(103)	(23)	3

The above impacts are mainly attributable to the exposure of intercompany payables, receivables and loan balances at the end of the reporting period.

Notes to the Financial Statements

Year Ended 30 June 2022

28. FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity risk

Liquidity risk is the risk the group will not be able to meet its financial obligations as they fall due. The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Included in Note 14 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk. The borrowing facilities may be drawn at any time and may be terminated by the financing provider with three months' notice. All facilities are subject to annual review.

Maturity analysis

The table below represents the undiscounted contractual settlement terms for financial instruments and management's expectations for settlement of undisclosed maturities.

	<12 months		1-5 years		Total contractual cash flows		Carrying amount	
	2022	2021	2020	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	4,087	4,264	-	-	4,087	4,264	4,087	4,264
Receivables	4,483	2,878	-	-	4,483	2,878	4,483	2,878
Contract asset	1,318	1,321	-	-	1,318	1,321	1,318	1,321
Payables	(5,457)	(3,950)	-	-	(5,457)	(3,950)	(5,457)	(3,950)
Borrowings	57	75	-	-	57	75	57	75
Net maturities	4,488	4,588	-	-	4,488	4,588	4,488	4,588

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and essentially arises from holdings of cash and deposits and trade receivables as well as from the parent's potential obligations under the indemnity guarantee provided to banks. The risk is largely managed through a policy of only dealing with creditworthy counterparties. Periodic assessments of debtor balances are undertaken and provisions for impairment are recognised where appropriate.

The maximum credit risk exposure is the carrying value of cash and deposits and trade receivables as disclosed in notes 6 and 7.

Information of the Group's credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group are included in note 7.

The Group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of clients.

i. Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with major Australian and global banks.

ii. Trade receivables

Credit risk for trade receivables is managed by setting credit limits and completing credit checks for new customers. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

The ageing analysis of trade and other receivables is provided in note 7. As the Group undertakes transactions with a large number of customers and regularly monitors payments in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with the credit terms. The Group assess the expected credit loss based on individual debtor level expectations relative to credit terms.

The Group does not have any material credit risk exposure for other receivables or other financial instruments.

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 20 to 57, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the company and economic entity.
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Luke Tuddenham
Managing Director
Aspen Colorado, 30 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPT GLOBAL LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of CPT Global Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended, and
- b. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Perth
Level 25
108 St Georges Terrace
Perth WA 6000
T + 61 8 6184 5980

Sydney
Level 7, Aurora Place
88 Phillip Street
Sydney NSW 2000
T + 61 2 8059 6800



1. Revenue Recognition

Key audit matter

Refer to Note 2 *Revenue* and Note 8 *Contract Assets*

The Group earned revenue of \$29,941,000 during the year and recognised contract assets of \$1,318,000 at reporting date. Revenue is earned from variable (risk/reward) and fixed price contracts and is recognised in accordance with AASB 15 *Revenue from Contracts with Customers*.

Recognition of revenue is a key audit matter due to the revenue from contracts being based on management's estimates. Given the level of estimation there is significant audit effort to test revenue and as a result it is a key audit matter.

How our audit addressed the key audit matter

Our procedures included:

- Documenting and assessing the internal control environment and performing tests of controls
- Testing a sample of revenue to supporting documentation and assessing whether revenue has been accurately recorded in accordance with contractual terms
- Confirming new contracts executed during the year have been accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*
- Performing trend analysis and other analytic techniques on revenue to validate amounts recorded during the year
- Ensuring estimated savings detailed in project status reports and recognised as revenue have been acknowledged and approved by the Group's customers
- Ensuring all estimated savings reflected in project status reports were recognised as revenue in the correct accounting period
- Ensuring contract assets have been invoiced after year end, and
- Assessing the adequacy of revenue related disclosures in the financial statements.

2. Recognition of income tax related balances

Key audit matter

Refer to Note 15 *Tax*

The Group operates in multiple tax jurisdictions with differing tax laws and regulations increasing the potential for misstatement of tax related balances and transactions.

The tax balances have significant complexity and as a result they are a key audit matter.

How our audit addressed the key audit matter

Our procedures included:

- Engaging tax experts to assess management's calculations and application of relevant tax laws and regulations
- Reviewing income tax provision calculations for each jurisdiction
- Reconciling income tax expense to prima facie expense for the year, and
- Assessing the adequacy of the disclosures in relation to tax related balances.

3. Recognition of indirect tax related balances

Key audit matter	How our audit addressed the key audit matter
<p>Refer to Note 7 <i>Trade and other receivables</i></p> <p>The Group has \$2,898,000 of other receivables comprising:</p> <ul style="list-style-type: none"> \$636,000 of employee withholding taxes relating to tax payments made on behalf of employees, and \$2,262,000 of GST/HST receivables relating to payments made associated with GST/HST. <p>These are expected refunds from the Canadian Revenue Agency (CRA), there is significant judgement in the estimation of the recoveries of these balances and as a result it is a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> Documenting and assessing the work performed by the advisors engaged by the Group to recover these amounts Reviewing and assessing the adequacy of expected credit loss provisions associated with employee withholding tax receivables and GST/HST receivables Considering the expected time frame of recovery and ensuring the classification of the receivables was in accordance with the accounting standards Assessing the qualifications and experience of experts relied on by management, and Assessing the adequacy of the disclosures in relation to CRA receivable balances.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 and 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 18 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of CPT Global Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



SW Audit (formerly ShineWing Australia)
Chartered Accountants



R Blayney Morgan
Partner

Melbourne, 30 September 2022

Corporate Information

ACN 083 090 895

ABN 16 083 090 895

Directors

Fred Grimwade

(Non-executive Chairman)

Luke Tuddenham

(Managing Director & CEO)

Gerard (Gerry Tuddenham)

(Executive Director)

Company Secretary

Mark Licciardo

Principal Registered Office

Level 3, 818 Bourke Street

Docklands VIC 3008

Telephone: +61 (0)3 9684 7900

Internet: www.CPTglobal.com

2022 Annual General Meeting

The Annual General Meeting of CPT Global Limited members will be held on Tuesday, 15 November 2022 at 11.00am at CPT Global's head office 818 Bourke Street, Docklands, Victoria.

Auditors

SW Audit (formerly ShineWing Australia)

Level 10, 530 Collins Street

Melbourne VIC 3000

Share Register

Boardroom Pty Ltd

Level 12, 225 George Street

Sydney NSW 2000

Telephone: 1300 737 760

Facsimile: +61 (0)2 9290 9600

Solicitors

Nicholson Ryan Lawyers

Bankers

ANZ Banking Group Limited

ASX Code

CGO

CPT Global on the Web

For an introduction to the company and access to company announcements, descriptions of our core business, services and careers, and our corporate governance policies and procedures visit our website at www.CPTglobal.com

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 28th of September 2022.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

		Ordinary shares	
		Number of holders	Units
1	- 1,000	93	50,443
1,001	- 5,000	369	998,933
5,001	- 10,000	164	1,263,308
10,001	- 100,000	274	8,592,984
100,001	and over	50	30,701,475
		951	41,607,143

The number of shareholders holding less than a marketable parcel of shares are:

124 **87,057**

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Ordinary Fully paid Shares	
		Number of shares	Percentage of ordinary shares
1	TUDDY SUPER PTY LTD	10,854,618	26.09%
2	GNP NOMINEES PTY LTD	2,709,046	6.51%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,664,993	6.41%
4	WESTFERRY OPERATIONS PTY LTD <THE WESTFERRY FUND A/C>	2,325,290	5.59%
5	LUKE TUDDENHAM & ASSOC.	1,015,877	2.44%
6	MR PHILIP ADAM & MRS SANDRA ADAM <ADFAM SUPERFUND A/C>	916,255	2.20%
7	BENJAMIN TUDDENHAM & ASSOC.	828,702	1.99%
8	TEN TALENTS (2020) LIMITED <FIVE TALENTS A/C>	805,667	1.94%
9	MR PAWEL REJ & MRS MIROSLAWA REJ	758,641	1.82%
10	CLAPSY PTY LTD <BARON SUPER FUND A/C>	744,308	1.79%
11	FRED GRIMWADE AND ASSOC.	718,200	1.73%
12	MR KEVIN STEVEN AKOM AND ASSOC. MR NEVILLE WINSTON ANDREW HASKETT & MRS VICKI PAULINE HASKETT	593,014	1.43%
13	<HASKETT SUPER FUND A/C>	501,000	1.20%
14	BNP PARIBAS NOMS PTY LTD <DRP>	363,442	0.87%
15	MRS ALISON BOLGER	362,550	0.87%
16	INVIA CUSTODIAN PTY LIMITED <THE POOL ROOM A/C>	309,058	0.74%
17	MRS JULIE ANN CAREY	306,000	0.74%
18	MR MICHAEL LAZORIK	300,000	0.72%
19	GRANT SINCOCK	254,282	0.61%
20	CITICORP NOMINEES PTY LIMITED	238,986	0.57%
		27,569,929	66.26%

ASX Additional Information

(c) Shares held in escrow

On 31 December 2021 163,169 ordinary shares were released from escrow. There are no escrowed securities on issue at the date of this Report.

(d) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares
MR GERRY TUDDENHAM AND HIS ASSOCIATES (EXCLUDING HIS BENEFICIAL INTEREST IN THE CPT TRUST)	11,651,027
GNP NOMINEES PTY LTD AS TRUSTEE FOR THE CPT TRUST	2,709,046
SONDA FONDO DE INVERSION PRIVADO	2,664,993
WESTFERRY OPERATIONS PTY LTD ATF THE WESTFERRY TRUST	2,550,500

(e) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction. Performance rights do not carry voting rights.

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