

# KELLY PARTNERS GROUP HOLDINGS LIMITED

ABN 25 124 908 363

ANNUAL REPORT – 2024

**Kelly Partners Group Holdings Limited**  
**Contents**  
**30 June 2024**

Corporate directory	2
Directors' report	3
Auditor's independence declaration	26
Consolidated statement of profit or loss and other comprehensive income	27
Consolidated statement of financial position	29
Consolidated statement of changes in equity	31
Consolidated statement of cash flows	32
Notes to the consolidated financial statements	33
Consolidated entity disclosure statement	79
Directors' declaration	83
Independent auditor's report to the members of Kelly Partners Group Holdings Limited	84
Shareholder information	88
End of annual report	90

**Kelly Partners Group Holdings Limited**  
**Corporate directory**  
**30 June 2024**



Directors	Brett Kelly – Chairman, Executive Director Stephen Rouvray – Deputy Chairman, Non-Executive Independent Director Ryan Macnamee – Non-Executive Independent Director Lawrence Cunningham – Non-Executive Independent Director Paul Kuchta – Executive Director Ada Poon - Executive Director
Company secretary	Joyce Au
Registered office	Level 8 32 Walker Street North Sydney, NSW 2060 Telephone: (02) 9923 0800
Share register	Computershare Investor Services Pty Limited 6 Hope St Ermington, NSW 2115 Telephone: 1300 787 272
Auditor	William Buck Accountants & Advisors Level 29 66 Goulburn Street Sydney, NSW 2000
Stock exchange listing	Kelly Partners Group Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: KPG) since 21 June 2017.
Website	<a href="http://www.kellypartnersgroup.com.au">http://www.kellypartnersgroup.com.au</a>
Corporate Governance Statement	<p>The directors and management are committed to conducting the business of Kelly Partners Group Holdings Limited in an ethical manner and in accordance with the highest standards of corporate governance. Kelly Partners Group Holdings Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.</p> <p>The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual can be found on the Company's website - <a href="http://www.kellypartnersgroup.com.au/investor-centre/corporate-governance-2">www.kellypartnersgroup.com.au/investor-centre/corporate-governance-2</a>.</p>

**Kelly Partners Group Holdings Limited**  
**Directors' report**  
**30 June 2024**



The directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'Group') consisting of Kelly Partners Group Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

**Directors**

The following persons were directors of Kelly Partners Group Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Brett Kelly - Chairman
- Stephen Rouvray - Deputy Chairman
- Ryan Macnamee
- Lawrence Cunningham
- Paul Kuchta
- Ada Poon

**Principal activities**

During the financial year, the principal continuing activities of the Group were the provision of chartered accounting and other professional services, predominantly to private businesses and high net worth individuals.

**Strategy**

The Company aims to build per-share intrinsic value by:

- (1) Improving the earning power of the operating businesses;
- (2) Further increase the earnings of the operating businesses through acquisitions;
- (3) (a) Growing the accounting businesses;  
 (b) Growing the complementary businesses;
- (4) (a) Making programmatic acquisitions;  
 (b) Making an occasional large acquisition where there is strategic alignment (i.e. greater than \$5m in revenue); and
- (5) Repurchasing Company's shares when available at a meaningful discount from intrinsic value.

**Target**  
 35% EBITDA  
 5% p.a. growth  
 5% p.a. growth

**Structure**

Kelly Partners' businesses operate using the Kelly Partners' **Partner-Owner-Driver® model**, where Kelly Partners and the operating partners respectively own a 51%/49% interest in the operating business. The Partner-Owner-Driver® structure drives long term strategic alignment and establishes a foundation for long term success and growth for the Clients, People and Partners of Kelly Partners.

The following table presents the performance of the business against the comparative years in delivering the Group's strategy.

<b>Full year metrics</b>				<b>7</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Years since IPO</b>			<b>Average</b>	<b>FY24</b>	<b>FY23</b>	<b>FY22</b>	<b>FY21</b>	<b>FY20</b>	<b>FY19</b>	<b>FY18</b>
<b>Strategy</b>	<b>Measure</b>									
(1)	Improving the earning power of the operating businesses	EBITDA margin of operating businesses	30.8%	29.6 %	27.3%	30.9%	33.4%	32.5%	27.7%	34.0%
		Less: Depreciation on PPE	(1.8%)	(1.3 %)	(2.4 %)	(2.3 %)	(2.4%)	(1.6 %)	(1.3 %)	(1.0%)
		EBITA margin of operating businesses	29.0%	28.3 %	24.9 %	28.6 %	31.0 %	30.9%	26.4%	33.0%
(2)	Further increase earnings through acquisitions	Contribution to revenue growth from acquired businesses	16.6%	26.3 %	28.7%	26.5%	4.8%	6.6%	6.4%	17.2%
(3) a.	Growing our accounting businesses	Contribution to revenue growth from existing accounting businesses	3.1%	2.7 % <sup>1</sup>	2.9%	4.7%	1.4%	6.6%	(6.9%)	10.5%
		b. Growing our complementary businesses	Contribution to revenue growth from existing complementary businesses	1.8%	0.3 %	1.8%	1.5%	1.2%	2.8%	1.8%
		Wealth Finance	0.8%	0.5 %	1.4%	0.9%	1.0%	0.4%	0.7%	1.0%
		Investment office	0.4%	(0.4 %) <sup>2</sup>	0.3%	0.6%	0.2%	0.4%	0.7%	0.8%
		Human resource	0.2%	0.0 %	0.1%	(0.2%)	0.0%	0.9%	0.0%	0.4%
			-	0.2 % <sup>3</sup>	-	-	-	-	-	-
(4) a.	Making programmatic acquisitions	Number of acquisitions	5	6	8	8	7	3	4	-
(4) b.	Making an occasional large acquisition (i.e. greater than \$5m in revenue)	Number of large acquisitions	-	- <sup>4</sup>	1	-	-	-	-	-
(5)	Repurchasing the Company's shares when available at a meaningful discount from intrinsic value	(i) Number of shares repurchased	71k	-	-	-	400k	95k	2k	-
		(ii) % of shares issued repurchased	-	-	-	-	0.88%	0.21%	-	-
		(iii) number of shares on issue	-	45.0m	45.0m	45.0m	45.0m	45.4m	45.5m	45.5m

<sup>1</sup> For further details, explanation and breakdown please refer to the "Revenue" section.

<sup>2</sup> Revenue declines in the Finance broking business due to a significant drop in finance settlements due to higher interest rates and cost of living pressure.

<sup>3</sup> Relates to two new human resource consulting businesses that commenced in Jul-22 and in Jul-23.

<sup>4</sup> Kelly Partners Griffith is a large acquisition completed on 1 July 2023 but was already included in FY23 metrics as it was announced in FY23.

**Kelly Partners Group Holdings Limited**  
**Directors' report**  
**30 June 2024**

**Key financial metrics**

The Company uses Return on Equity ('ROE'), Return on Invested Capital ('ROIC'), Earnings Per Share ('EPS') and Owners' earnings as key financial metrics to measure the performance of the Group and its return to shareholders. The Group continues to achieve superior returns on equity and invested capital, as measured by ROE and ROIC. The following table summarises the key financial metrics used by the Company to measure the performance of the Group and its return to shareholders against comparative years.

<b>Years since IPO</b>			<b>7</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Key financial metric</b>	<b>Formula</b>	<b>Average</b>	<b>FY24</b>	<b>FY23</b>	<b>FY22</b>	<b>FY21</b>	<b>FY20</b>	<b>FY19</b>	<b>FY18</b>
<b><u>Return to owners</u></b>									
Free Cashflow / Owners' earnings - Group (\$'000) <sup>5</sup>	Cash from operating activities <i>less</i> repayment of lease liabilities <i>less</i> maintenance capex	12,761	19,471	14,934	13,959	12,808	12,174	9,673	6,305
Free Cashflow / Owners' earnings - Parent (\$'000)	Cash from operating activities exc. non recurring items <i>less</i> repayment of lease liabilities <i>less</i> maintenance capex	5,365	7,847	5,999	6,313	5,015	3,885	3,129	n/a
Return on equity	Underlying NPATA / Equity	42.6%	40.6 %	38.4%	41.7%	46.7%	44.2%	36.6%	47.8%
Return on invested capital	(Underlying NPATA + cash interest) / (Equity + Debt)	25.0%	24.8 %	20.0%	22.3%	27.9%	26.1%	22.7%	31.2%
Earnings per share (EPS) (cents per share)	Underlying attributed NPATA / Weighted average number of shares	11.48	17.84	12.01	13.99	11.32	8.67	7.02	9.51
	Annual increase (EPS)	10.5%	48.5 %	(14.2%)	23.5%	30.7%	23.5%	(26.2%)	25.6%
Dividends (cents per share)	Dividends paid (inc. special dividends)	5.60	3.50	7.32	8.17	7.08	4.84	4.40	4.00
Ordinary dividends (cents per share) <sup>6</sup>	Ordinary dividends paid (exc. special dividends)	4.67	3.50 <sup>7</sup>	4.79	5.86	5.32	4.84	4.40	4.00
Dividends payout ratio	Dividends per share / EPS (underlying NPATA)	56.8%	19.6 %	61.0%	57.0%	62.0%	55.8%	62.7%	42.1%
Closing share price	Closing share price	-	\$8.25	\$4.72	\$3.88	\$3.4	\$0.88	\$0.89	\$1.23
Market capitalisation (\$m)	Share price x number of shares outstanding	-	371	212	175	153	40	40	56
<b><u>Cash conversion / debt</u></b>									
Cash conversion	Operating cashflow / Statutory EBITDA	91.5%	96.9 %	94.4%	83.3%	93.5%	97.3%	116.8%	63.5%
Gearing ratio	Net Debt / Underlying EBITDA	1.18x	1.28x	1.65x	1.36x	0.84x	0.96x	1.35x	0.85x
Net debt per partner (\$'000)	Net Debt / Number of Partners	398	470	512	506	297	346	367	291
Number of partners	Number of partners	-	96	78	62	54	45	41	40

<sup>5</sup> The Group uses owners' earnings to measure cash flow available to the Group. Owners' earnings is a non-IFRS measure which is used to measure cash flow to the Group (after taxes and finance costs) and after taking into account the movements in working capital, deductions for maintenance capital expenditures and repayment of lease liabilities.

<sup>6</sup> Dividends paid represent the dividends paid relating to the stated financial year. For example, dividends paid in FY23 relating to FY22 is shown in the FY23 column. Ordinary dividends exclude special dividends.

<sup>7</sup> On 5 February 2024 the Company announced that it will cease dividends payment and no dividends have been paid since February 2024.

**Review of operations**

In the year ended 30 June 2024 ('FY24' or '2024'), the Group has recorded a consolidated statutory net profit after income tax of \$13,541,000 (year ended 30 June 2023 ('FY23' or '2023'): \$10,899,000), an increase of 24.2%. The statutory net profit attributable to the members of the parent entity was \$3,315,000 (FY23: \$3,880,000), a decrease of 14.5%. The movement in statutory net profits are not representative of the underlying performance of the business due to a significant increase in amortisation of customer relationship intangible assets (FY24: \$5,518,000; FY23: \$3,918,000) and other non-cash items as well as one off items associated with strategic review costs and acquisition costs.

Owners' earnings for the 12 months were \$19,471,000 (FY23: \$14,934,000) up 40.7% from the prior corresponding period. Owners' earnings for the parent entity were \$7,847,000 (FY23: \$5,999,000), up 30.8% from the prior corresponding period.

The Directors consider Underlying Earnings Before Interest, Tax, Depreciation and Amortisation ('Underlying EBITDA') and Underlying Net Profit After Tax Before Amortisation ('Underlying NPATA') reflects the core earnings of the Group. Underlying EBITDA and Underlying NPATA are financial measures not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and other items which management consider to be one-off in nature. Underlying EBITDA and Underlying NPATA are key measurements used by management and the board to assess and review business performance.

Underlying EBITDA as a core measure ignores the cash implications of capital investment requirements. Kelly Partners has historically used EBITDA as a measure of performance because typically depreciation charges have been extremely low or negligible (1.5% of revenue prior to FY20), reflecting the minimal capital requirements in accounting businesses. Where depreciation charges have been minimal, EBITDA equates roughly to EBITA. However, depreciation charges for the Group have increased in recent years due to depreciation of the cost of fitouts completed across Kelly Partners offices during COVID-19 to repurpose our offices and now amounts to ~2.5% of Group revenues. In light of this, management has introduced EBITA as a measure of business performance. The targeted EBITA ratio will be 32.5% (35.0% EBITDA target less depreciation of ~2.5%).

The following table provides a reconciliation between the NPAT and the Underlying EBITDA of the consolidated Group.

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023<sup>8</sup></b>
	<b>\$'000</b>	<b>\$'000</b>
Statutory net profit after income tax ('NPAT') from continuing operations	13,541	10,899
Finance costs	5,751	4,260
Income tax expense	2,082	1,143
Depreciation and amortisation expense	12,131	9,228
Earnings before interest, tax, depreciation and amortisation ('EBITDA')	<u>33,505</u>	<u>25,530</u>
<b>Add: Non-recurring expenses / Non-cash adjustments</b>		
Acquisition costs	1,240	659
Strategic review costs	1,322	103
Impact of AASB 16 <sup>9</sup>	856	668
<b>Less: Non-recurring income</b>		
Government subsidies in relation to Australian Apprenticeships Incentive Program	(77)	(877)
Change in fair value of contingent consideration	(764)	(1,859)
Underlying EBITDA	<u>36,082</u>	<u>24,224</u>
Less: Depreciation expense	(6,310)	(5,324)
Underlying EBITA	<u><u>29,772</u></u>	<u><u>18,900</u></u>

Underlying EBITDA of the Group was \$36,082,000 (2023: \$24,224,000), an increase of 49.0%.

Underlying EBITA of the Group was \$29,772,000 (2023: \$18,900,000), an increase of 57.5%.

<sup>8</sup> FY23 numbers and metrics presented in this Directors' Report excludes operations that were discontinued in FY24 for like for like comparison. For details on discontinued operations, please refer to the "Sale of Businesses" section.

<sup>9</sup> Impact of AASB 16 – difference between cash rent expense and the accounting of leases. This has been added this year as well as in the prior year as the impact of this is becoming more significant as the Group grows its number of offices.

**Kelly Partners Group Holdings Limited**  
**Directors' report**  
**30 June 2024**



The following table provides a reconciliation between the NPAT and the Underlying NPATA which is attributable to the owners of Kelly Partners Group Holdings Limited.

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023<sup>10</sup></b>
	<b>\$'000</b>	<b>\$'000</b>
Statutory NPAT from continuing operations attributable to owners of Kelly Partners Group Holdings Limited	3,315	3,880
Amortisation of customer relationship intangibles	2,867	2,097
NPATA attributable to owners of Kelly Partners Group Holdings Limited	<u>6,182</u>	<u>5,977</u>
<b>Add: Non-recurring expenses or non-cash adjustments</b>		
Acquisition costs, including unwinding of interest on contingent consideration <sup>11</sup>	1,581	930
Strategic review costs	1,322	103
Impact of AASB 16 <sup>12</sup>	493	341
<b>Less: Non-recurring income</b>		
Government grants in relation to Australian Apprenticeships Incentives Program	(39)	(491)
Change in fair value of contingent consideration	<u>(633)</u>	<u>(1,438)</u>
Net non-recurring items	<u>2,724</u>	<u>(555)</u>
Less: Tax effect of non-recurring items	<u>(879)</u>	<u>(149)</u>
Underlying NPATA attributable to owners of Kelly Partners Group Holdings Limited	<u><u>8,027</u></u>	<u><u>5,273</u></u>

Underlying NPATA attributable to members of the parent entity was \$8,027,000 (2023: \$5,273,000), an increase of 52.2%.

For details on the above non-recurring items please refer to the section "Non-recurring and one-off items" below.

## Financial performance

### Acquisitions and integration

During FY24, the Group announced and completed six acquisitions with estimated total annual revenues in the range of \$10.0m to \$12.6m, representing 11.9% to 15.1% of FY23 revenue. The Group's revenue run rate (annualised revenue including all acquisitions completed to date, excluding any acquisitions that may be completed in FY25) for FY25 is expected to be ~\$130m.

The completed acquisitions are listed in the table below.

#	Details	Location	Type	Acquired revenue
(1)	Aug-23	Bundall, QLD	Marquee	\$1.5m - \$2.1m
(2)	Dec-23	Woodland Hills, California, United States	Marquee	\$1.8m - \$2.5m
(3)	Jan-24	Burbank, California, United States	Marquee	\$4.0m - \$4.8m
(4)	Jan-24	Bendigo, VIC	Tuck-in	\$0.4m - \$0.5m
(5)	Feb-24	Brookvale, NSW	Marquee	\$1.3m - \$1.5m
(6)	Mar-24	Lower North Shore, NSW	Marquee	\$1.0m - \$1.2m
	<b>Total acquisitions completed in FY24</b>			<b>\$10.0m - \$12.6m</b>
	<b>% of FY23 Revenue (\$83.7m)</b>			<b>11.9% - 15.1%</b>

<sup>10</sup> FY23 numbers and metrics presented in this Directors' Report have been restated to exclude operations that were discontinued in FY24 for like for like comparison. For details on discontinued operations, please refer to the "Sale of Businesses" section.

<sup>11</sup> Contingent consideration in relation to acquisitions are initially accounted for at a discount to net present value. As time lapses this value is grossed up such that when the contingent consideration is due the value of the liability equates to the actual payment amount. The grossed up amount is recorded as an interest expense in the profit or loss.

<sup>12</sup> Impact of AASB 16 – difference between cash rent expense and the accounting of leases. This has been added this year as well as in the prior year as the impact of this is becoming more significant as the Group grows its number of offices.



**Sale of businesses**

In December 2023, Kelly Partners sold all of the Company's shares in Kelly Partners Private Wealth (Central Coast & Hunter Region) Pty Ltd and Kelly Partners Life Insurance Services (Central Coast & Hunter Region) Pty Ltd, as well as the retail wealth management business operated from Kelly Partners Private Wealth Sydney Partnership. In June 2024, Kelly Partners also sold its retail management business operated from Kelly Partners Private Wealth Northern Beaches partnership. Kelly Partners no longer operates a private wealth management business for retail clients. The rationale behind the sale of these businesses is as follows:

1. The businesses are not the core focus for Kelly Partners, nor do they sit within Kelly Partners' circle of competence. They were initially acquired as there was an associated accounting business. It was also part of the Group's strategy to explore investing and operating such complementary businesses. Kelly Partners' core strategy is to acquire and perpetually own and operate accounting businesses. However, from time to time the Group may own and operate businesses that are complementary to its accounting businesses, and the Group may exit such businesses if the businesses do not align with its mission, values, strategy and financial performance.
2. The businesses have been significantly underperforming as can be seen from the summary results below, and whilst numerous attempts and measures were implemented to improve profitability, the nature of retail financial planning business with large numbers of small clients, thereby significantly increasing costs of compliance and administration, makes it difficult to earn appropriate margins.
3. Kelly Partners received an offer to sell the businesses at a valuation higher than acquisition cost and can reinvest the capital elsewhere achieving better returns.

A summary of the financial performance of these businesses are included below:

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	1,349	2,849
<b>Profit before gain on disposal (note 10)</b>	(14)	233
<i>Less:</i>		
Depreciation and amortisation expense	165	323
Finance costs	68	106
<b>EBITDA before gain on disposal</b>	219	662
<i>Less items eliminated</i>		
Rent (sublease from other K+P office)	(49)	(127)
Services Fee & IP Fee (paid to parent)	(147)	(302)
<b>EBITDA actual</b>	23	233
	1.6%	8.2%

A calculation of the gain on sale of the businesses is shown below:

	<b>\$'000</b>
Consideration	3,819
Less: Net Assets	(2,807)
Gain on disposal of subsidiaries (per note 10 'Discontinued operations')	1,012

**Offices and partners**

As at 30 June 2024, the Group operated 33 offices (30 June 2023: 30). During the year, the Group commenced businesses in the following new locations through partnering with local accounting firms and establishing new greenfield sites:

- (1) Griffith, NSW
- (2) Bundall, QLD
- (3) Woodland Hills, California, United States
- (4) Burbank, California, United States
- (5) San Angelo, Texas, United States

As at 30 June 2024, the total number of equity partners (including CEO, Brett Kelly) was 96 (30 June 2023: 78) with 3 partners recruited externally, 6 partners promoted internally and 18 partners joining from completed acquisitions. The Group is pleased to have grown the number of equity partners significantly in line with the revenue growth. The Group continues its focus in developing and recruiting new partners as part of its strategy to retain and motivate key talent and to drive revenue growth.

**Property portfolio**

On 28 July 2023, Kelly Partners (Central Coast) Property Trust completed the purchase of a commercial property in Leeton, NSW for \$650,000. The purchase was funded through bank borrowings. Kelly Partners Leeton operates its accounting business from this premise.

As detailed in previous commentary, the Group continues to pursue its strategy of moving properties off balance sheet. The Group still believes that the properties from which its businesses operate should be owned in a separate structure in which our operating partners can own a share. During the year ended 30 June 2023, the Group has established the Kelly Partners Property Trust and has transferred the properties held by the Group to this Trust with the intention of raising equity from our operating partners or selling the properties to external parties as soon as practicable.

**Revenue**

Revenue for FY24 increased 29.2% to \$108.1m (FY23: \$83.7m). A reconciliation of acquisition and organic growth is set out below:

	\$'000	Contributed growth %	Growth on prior year %
FY23 Revenue	86,524	-	-
Less: Discontinued Operations	(2,849)	-	-
<b>FY23 Revenue from Continuing Operations</b>	<b>83,675</b>	<b>-</b>	<b>-</b>
Accounting business growth	2,220	2.7	2.8
Complementary business growth	216	0.3	4.7
Total organic growth	2,436	3.0	7.5
Acquired growth	22,031	26.3	-
<b>FY24 Revenue</b>	<b>108,142</b>	<b>29.3</b>	<b>29.3</b>

Acquired revenue growth of \$22.0m contributed 26.3% to revenue growth, with in year acquisitions completed to date in FY24 contributing \$18.8m and revenue from the acquisitions completed in FY23 contributing \$3.2m.

Organic revenue grew 3.0% on prior year and was impacted by:

- 1. revenue declines in the Finance broking business due to a significant drop in finance settlements resulting from the impact of higher interest rates and cost of living pressures; and
- 2. subscale businesses that were merged into larger and more established businesses in the Group during the year.

Excluding the above impacts, organic revenue growth was at 5.3% and was in line with the Group's target growth of 5%.

**Operating expenses**

Employment and related expenses have increased 24.6% and operating expenses have increased 15.4% compared to revenue growth of 29.2%. Note employment and related expenses include direct and indirect (oncosts) of partners, professional team members (“fee-generating”) and administrative team members, including team members of the parent entity (“central services team”).

**Underlying EBITDA**

Underlying EBITA (which measures EBITA before one-off and non-recurring items) increased 57.5% to \$29,772,000 (FY23: \$18,900,000).

The directors consider underlying EBITA margin before AASB 16 as the most meaningful measurement of performance. Underlying EBITDA as a core measure ignores the cash implications of capital investment requirements. Kelly Partners has historically used EBITDA as a measure of performance because typically depreciation charges have been extremely low or negligible (1.5% of revenue prior to FY20), reflecting the minimal capital requirements in accounting businesses. Where depreciation charges have been minimal, EBITDA equates roughly to EBITA. However, depreciation charges for the Group have increased in recent years due to one off COVID-19 related restructure of offices completed across Kelly Partners offices and now amounts to ~2.5% of Group revenues. In light of this, management has introduced EBITA as a measure of business performance. The targeted EBITA ratio will be 32.5% (35.0% EBITDA target less depreciation of ~2.5%).

The underlying EBITA margin before AASB 16 is higher than prior year at 25.9% (FY23: 21.1%). Excluding the additional investments by the parent entity, the underlying EBITA margin of our operating businesses was 28.3% (FY23: 24.7%). Our aim is to increase the EBITA margin to 32.5% and we expect to do so once the recently completed acquisitions have undergone a successful transition and transformation under our Kelly Partners Partner-Owner-Driver™ model.

A reconciliation of Underlying EBITDA before and after adjustments to reverse the impact of AASB 16 'Leases' is set out in the table below.

<b>Years since IPO (\$'000)</b>	<b>Average</b>	<b>7 FY24</b>	<b>6 FY23</b>	<b>5 FY22</b>	<b>4 FY21</b>	<b>3 FY20</b>	<b>2 FY19</b>	<b>1 FY18</b>
EBITDA		33,504	25,529	24,790	18,887	16,849	10,165	13,554
Non recurring one-off items		1,721	(1,974)	(1,676)	(233)	(927)	724	(123)
<b>Underlying EBITDA</b>		<b>35,225</b>	<b>23,555</b>	<b>23,114</b>	<b>18,654</b>	<b>15,923</b>	<b>10,889</b>	<b>13,431</b>
<b>Growth %</b>	<b>+19.0%</b>	<b>+49.6%</b>	<b>+1.9%</b>	<b>+23.9%</b>	<b>+17.2%</b>	<b>+46.2%</b>	<b>-24.7%</b>	<b>-</b>
AASB 16 - rent expense		(5,195)	(3,936)	(3,129)	(2,704)	(2,456)	-	-
<b>Underlying EBITDA before AASB 16</b>		<b>30,030</b>	<b>19,621</b>	<b>19,985</b>	<b>15,950</b>	<b>13,467</b>	<b>10,889</b>	<b>13,431</b>
<b>Growth %</b>	<b>+15.7%</b>	<b>53.1%</b>	<b>-1.8%</b>	<b>+25.3%</b>	<b>+18.4%</b>	<b>+23.7%</b>	<b>-24.7%</b>	<b>-</b>
<b>As a % of revenue</b>	<b>29.7%</b>	<b>27.8%</b>	<b>23.4%</b>	<b>30.8%</b>	<b>32.6%</b>	<b>29.6%</b>	<b>27.2%</b>	<b>34.0%</b>
Less: Depreciation on PPE		(2,073)	(1,994)	(1,491)	(1,177)	(714)	(510)	(386)
<b>Underlying EBITA before AASB 16</b>		<b>27,957</b>	<b>17,625</b>	<b>18,494</b>	<b>14,773</b>	<b>12,753</b>	<b>10,379</b>	<b>13,045</b>
<b>Growth %</b>	<b>+15.3%</b>	<b>58.6%</b>	<b>-4.7%</b>	<b>25.2%</b>	<b>+15.8%</b>	<b>+22.9%</b>	<b>-26.3%</b>	<b>-</b>
<b>As a % of revenue</b>	<b>27.9%</b>	<b>25.9%</b>	<b>21.1%</b>	<b>28.5%</b>	<b>30.2%</b>	<b>28.0%</b>	<b>26.0%</b>	<b>33.1%</b>

**Additional investment expenditure in the Parent Entity**

Since the IPO, the parent entity has continued to invest to further develop the capabilities of the central services team and to enable the business to be positioned for long term growth as well as to increase its competitive advantage. These investments have sometimes exceeded the central Services Fee and IP Fee income that the parent entity receives from its operating businesses, as shown in the table below.

Years since IPO	Average	7 FY24	6 FY23	5 FY22	4 FY21	3 FY20	2 FY19	1 FY18
Group revenue (\$'000)	-	109,492	86,524	64,862	48,906	45,495	39,975	39,469
Revenue growth	19.2%	+26.5%	+33.4%	+32.6%	+7.5%	+13.8%	+1.3%	-
Additional investment (\$'000)	-	1,948	2,479	78	371	1,631	742	372
% of Revenue	1.7%	1.8%	2.9%	0.1%	0.8%	3.6%	1.9%	0.9%

Group revenue includes revenues from discontinued operations to provide a consistent comparison.

#### Non-recurring one-off items and non-cash expenses

Total non-recurring income for the Group for the year was \$841,000 (FY23: \$2,736,000) and included:

- \$764,000 (FY23: \$1,859,000) in non-cash income relating to the change in fair value of contingent considerations. This relates to acquisitions completed in FY22 and FY23 where the vendors had not achieved the required targets for the payment of the contingent consideration in full. This represents 12.3% of the total retention payable, and 47.9% was paid out to the vendors.
- \$77,000 (FY23: \$877,000) in subsidies received through the Australian Apprenticeships Incentives Program.

Total non-recurring expenses and non-cash expenses for the year of \$3,417,000 (FY23: \$1,430,000) included:

- \$1,322,000 (FY23: \$103,000) in costs for undertaking the Strategic Review as disclosed in market announcements. This included legal costs with US and Australian legal counsels on exploring potential redomiciliation of the Company to the US.
- \$1,240,000 (FY23: \$659,000) in legal costs and one-off implementation costs relating to the six acquisitions completed this year. \$807,000 of this non-recurring cost relates to the two US acquisitions and the setting up of the Texas partnership platform. This included a redocumentation and Americanising of the Group's Australian legal agreements, such as the Partnership Agreement and Acquisition Agreement, and several other sub deeds.
- \$856,000 (FY23: \$668,000) in non-cash expenses as a result of AASB 16 where the expenses recognised in compliance with the accounting standard are higher than the cash rent expense.

The Group classifies costs related to acquiring businesses under non-recurring and one-off items on the basis that those specific acquisition costs (related to specific businesses acquired) will not re-occur in future periods whilst their associated revenues and earnings are expected to continue into future periods. As part of its growth strategy, management continue to identify acquisition targets and any future acquisition expenses are expected to be accompanied by future revenues and earnings associated with those expenses. The separate classification of acquisition costs into non-recurring and one-off items provides transparency to look-through to the underlying performance of the Group.

#### Depreciation and amortisation and finance costs

Depreciation and amortisation expense increased to \$12,131,000 (FY23<sup>13</sup>: \$9,228,000) and includes depreciation expense of \$6,310,000 (FY23: \$5,325,000) and amortisation expense of \$5,821,000 (FY23: \$3,903,000). The increase in depreciation expenses is due to an increased number of leases (leading to higher number of 'right-of-use assets' (ROU) that need to be depreciated). Depreciation of property, plant and equipment (PPE) is consistent with the prior year. The increase in amortisation expense is due to recent acquisitions completed creating customer relationship intangible assets that are amortised in accordance with Australian Accounting Standards. Please see the subsequent section for an explanation on amortisation expenses.

Years since IPO (\$'000)	Average	7 FY24	6 FY23	5 FY22	4 FY21	3 FY20	2 FY19	1 FY18
Depreciation – PPE	-	2,072	1,994	1,491	1,177	714	510	386
Depreciation – ROU	-	4,238	3,330	2,477	2,175	2,103	n/a	n/a
Amortisation expense	-	5,821	3,903	2,362	1,075	924	739	651
Total depreciation and amortisation expense	-	12,131	9,227	6,330	4,427	3,741	1,249	1,037
Depreciation – PPE as a % of revenue	1.8%	1.9%	2.4%	2.3%	2.4%	1.6%	1.3%	1.0%

<sup>13</sup> All references to FY23 numbers have been adjusted to exclude discontinued operations for like for like comparison

Finance costs increased to \$5,751,000 (FY23: \$4,260,000). Finance costs include interest on lease liabilities recognised due to the requirements of AASB 16 and the increase is due to new property leases that the Group has entered into as part of acquiring businesses in new locations. Finance costs on bank overdrafts and loans also increased to \$3,422,000 (FY23: \$2,447,000) due to a rise in interest rates as well as increased term debt in the past 12 months with the accelerated rate of acquisitions completed.

<b>Years since IPO (\$'000)</b>	<b>Average</b>	<b>7 FY24</b>	<b>6 FY23</b>	<b>5 FY22</b>	<b>4 FY21</b>	<b>3 FY20</b>	<b>2 FY19</b>	<b>1 FY18</b>
Lease interest costs	-	1,812	1,274	652	505	555	n/a	n/a
Interest on unwinding retention	-	516	539	345	202	158	53	-
Bank interest costs	-	3,422	2,447	1,041	844	823	816	611
Total	-	5,751	4,260	2,038	1,551	1,536	869	611
Bank interest as a % of revenue	2.1%	3.2%	3.0%	1.6%	1.7%	1.8%	2.2%	1.5%

### **An explanation on customer relationship intangible assets and its amortisation**

Our reported results have been impacted significantly in the past (and continues to be) by the amortisation of customer relationship intangible assets.

Under accounting standards, when a business is purchased, the acquirer is required to recognise separately the identifiable assets acquired separately from goodwill<sup>14</sup>. Based on experience, a portion of the acquisition cost is required to be attributed to "customer relationships / client lists" and this is required to be amortised<sup>15</sup> (flat line) over its expected life.

Whilst our financial statements follows the accounting standard outlined above, the accounting treatment does not reflect economic reality because clients of an accounting firm rarely attrit and hence should not be amortised. For example, an accounting business that we acquired 10 years ago continues to generate the same revenues every year since it has joined the Group, if not much more with compounded organic growth. The accounting treatment that would better reflect the economics of the acquired business is not to amortise the intangible asset but continue to carry it at acquisition cost subject to recognising any impairment from a loss of clients or income.

The impact of the continual amortisation is that the reported earnings are understated. Hence, since IPO in June 2017, NPATA (net profit after tax before amortisation) is used as a measurement of performance rather than NPAT. The amortisation expense has continued to grow substantially, in line with the increased acquisitions, as shown in the table below:

<b>Years since IPO (\$'m)</b>	<b>7 FY24</b>	<b>6 FY23<sup>16</sup></b>	<b>5 FY22</b>	<b>4 FY21</b>	<b>3 FY20</b>	<b>2 FY19</b>	<b>1 FY18</b>
NPAT	13.5	10.9	13.3	10.9	10.1	7.1	10.0
Amortisation expense	5.5	3.6	2.2	0.9	0.9	0.8	0.6
NPATA	19.0	14.5	15.5	11.8	11.0	7.9	10.6

### **Income tax expense**

The Group's Income Tax Expense has increased to \$2,082,000 (FY23: \$1,143,000). The tax for the Group is calculated on the parent entity's share of partnership income, 100% of the profit of operating businesses structured as companies, and 100% of the net parent entity expenses. The movement in income tax expense may be disproportionate to the movement in profits due to permanent differences arising from non-assessable or non-deductible items.

<sup>14</sup> AASB 3 Business Combinations paragraph 10

<sup>15</sup> AASB 138 Intangible Assets

<sup>16</sup> FY23 numbers and metrics presented in this Directors' Report excludes operations that were discontinued in FY24 for like for like comparison. For details on discontinued operations, please refer to the "Sale of Businesses" section.

**Cash flow**

*Cash from operations*

Receipts from customers increased 25.1% to \$118,417,000 (FY23: \$94,675,000). Payments to suppliers and employees increased 21.6% to \$86,226,000 (FY23: \$70,920,000). Operating Cashflow (defined as Receipts from Customers less Payments to suppliers and employees) excluding Other Income (which mainly consists of one-off items) was up 35.6% to \$32,196,000.

**Years since IPO**

	Average	7 FY24	6 FY23	5 FY22	4 FY21	3 FY20	2 FY19	1 FY18
Operating cashflow (\$'000)		32,191	23,750	18,532	16,420	15,956	11,870	8,606
Growth %	25.3%	35.6%	28.1%	12.9%	2.9%	34.4%	37.9%	-

*Cash from investing activities*

In FY24 the Group spent \$3,420,000 on property, plant and equipment capital expenditure. Of this, \$681,000 was used to purchase the commercial property in Leeton from which Kelly Partners Leeton operate. \$1,652,000 was used to fitout the premises of Kelly Partners Bendigo and Kelly Partners South West Sydney. The remaining \$1,087,000 represents office and computer equipment, new motor vehicles and other capital expenditures, including \$226,000 for the initial computer hardware equipment purchased for the commencement of the Group's Mumbai office, which currently houses 30+ team members.

*Cash from financing activities*

In FY24 the Group's borrowings (excluding overdrafts considered as working capital) increased by \$10,085,000 to \$44,220,000 (30 June 2023: \$34,135,000). New borrowings of \$20,413,000 were taken out during the year, mainly for the completion of in year acquisitions, refinancing of existing loans and financing the buy ins of our equity partners. The difference reflects the principal repayments made during the year of \$10,328,000 and reflects the Group's strong and disciplined approach in repaying debt. Proceeds from borrowings of \$20,413,000 included \$10,580,000 for acquisition funding, \$3,000,000 in refinancing of the parent entity facility, \$1,372,000 for fitout funding, \$2,628,000 relating to the buy in of new and existing partners, \$650,000 for the purchase of the Leeton property, \$874,000 for the payment of costs relating to the strategic review, and the remaining \$1,309,000 for insurance premium funding, motor vehicle financing and other loan refinance.

**Working capital**

The Group continues to maintain a disciplined approach to managing its lockup (defined as trade receivables and accrued income less contract liabilities), with lockup of 56.1 days or \$17,993,000 (calculated on run rate revenue with annualised revenue contributions from completed acquisitions) compared with the prior year (30 June 2023: 48.1 days, \$14,090,000).

This continues to be a strong result and has been achieved alongside strong acquisition and organic growth. Note that lockup calculated on actual revenue (which is used to calculate lockup) does not include the full 12 months' revenue of the in-year acquisitions. Hence, for the purposes of achieving a more meaningful comparison, the lockup based on annualised revenue has been used.

**Years since IPO**

	Average	7 FY24	6 FY23	5 FY22	4 FY21	3 FY20	2 FY19	1 FY18
Lockup (\$'000)	-	17,993	14,090	11,623	6,841	6,875	7,626	10,087
Lock up days	61.3	56.1	48.1	55.8	51.1	55.2	69.6	93.3
Debtor (\$'000)	-	16,791	12,380	9,905	6,205	5,783	6,099	6,603
Debtor days	50.2	52.3	42.3	47.6	46.3	46.4	55.7	61.1
Accrued income and contract liabilities (\$'000)	-	1,202	1,709	1,718	637	1,092	1,526	3,484
Accrued income and contract liabilities days	11.1	3.7	5.8	8.3	4.8	8.8	13.9	32.2

**Capital structure**

The business continues to maintain a capital structure that supports its accelerated growth. As at 30 June 2024, the Group's Gearing Ratio (defined as Net Debt / Underlying EBITDA) decreased to 1.28x (30 June 2023: 1.65x) mainly as a result of a full year's profit contribution from acquisitions completed in the prior year, as well as a general increase in the profitability of the Group. Net debt increased by \$5,245,000 or 13.1% primarily due to term debt taken out to complete acquisitions (see the preceding section "Cash from financing activities" for further details).

Acquisition debt is amortised and repaid through profits generated from the acquired business and is expected to be repaid in full over a 4-5 year term. Net Debt is a non-IFRS measure and means Total Borrowings less Cash and Cash Equivalents.

**Kelly Partners Group Holdings Limited**  
**Directors' report**  
**30 June 2024**



Years since IPO	Average	7 FY24	6 FY23	5 FY22	4 FY21	3 FY20	2 FY19	1 FY18
Net Debt (\$'000)	-	45,163	39,918	31,368	15,728	15,233	14,673	11,356
Underlying EBITDA (\$'000)	-	35,225	24,263	23,114	18,654	15,923	10,889	13,431
Gearing Ratio (Net Debt / Underlying EBITDA)	1.18x	1.28x	1.65x	1.36x	0.84x	0.96x	1.35x	0.85x

**Dividends**

Dividends paid during the financial year were as follows:

**Consolidated**  
**2024**                      **2023**  
**\$'000**                      **\$'000**

*During the year ended 30 June 2024:*

*For the year ended 30 June 2024:*

First interim dividend of \$0.00439 per ordinary share, paid on 31 July 2023	197	-
Second interim dividend of \$0.00439 per ordinary share, paid on 31 August 2023	197	-
Third interim dividend of \$0.00439 per ordinary share, paid on 29 September 2023	197	-
Fourth interim dividend of \$0.00439 per ordinary share, paid on 31 October 2023	197	-
Fifth interim dividend of \$0.00439 per ordinary share, paid on 30 November 2023	197	-
Sixth interim dividend of \$0.00439 per ordinary share, paid on 29 December 2023	197	-
Seventh interim dividend of \$0.00439 per ordinary share, paid on 31 January 2024	197	-
Eighth final dividend of \$0.00439 per ordinary share, paid on 29 February 2024	197	-
	1,576	-

*During the year ended 30 June 2023:*

*For the year ended 30 June 2023:*

First interim dividend of \$0.00399 per ordinary share, paid on 29 July 2022	-	180
Second interim dividend of \$0.00399 per ordinary share, paid on 31 August 2022	-	180
Third interim dividend of \$0.00399 per ordinary share, paid on 30 September 2022	-	180
Fourth interim dividend of \$0.00399 per ordinary share, paid on 31 October 2022	-	180
Fifth interim dividend of \$0.00399 per ordinary share, paid on 30 November 2022	-	180
Sixth interim dividend of \$0.00399 per ordinary share, paid on 30 December 2022	-	180
Seventh interim dividend of \$0.00399 per ordinary share, paid on 31 January 2023	-	180
Eighth interim dividend of \$0.00399 per ordinary share, paid on 28 February 2023	-	180
Ninth interim dividend of \$0.00399 per ordinary share, paid on 31 March 2023	-	180
Tenth interim dividend of \$0.00399 per ordinary share, paid on 28 April 2023	-	180
Eleventh interim dividend of \$0.00399 per ordinary share, paid on 31 May 2023	-	180
Twelfth interim dividend of \$0.00399 per ordinary share, paid on 30 June 2023	-	180
	-	2,160

*For the year ended 30 June 2022:*

Final dividend of \$0.0139 per ordinary share, paid on 5 August 2022	-	626
Final dividend of \$ 0.0011 per ordinary share, paid on 31 August 2022	-	50
Special dividend of \$0.0116 per ordinary share, paid on 31 August 2022	-	522
Special dividend of \$0.0116 per ordinary share, paid on 30 September 2022	-	522
	-	1,720

Total	1,576	3,880
-------	-------	-------

On 5 February 2024 the Company announced that it will cease dividend payments and no dividends have been paid since February 2024.

## **Significant changes in the state of affairs**

### *Acquisitions*

During the financial period, the Group completed 6 acquisitions with total acquired revenues of \$10.0m to \$12.6m. Details of the acquisitions can be found in the preceding "Acquisitions and integration" section.

### *Properties*

On 28 July 2023, Kelly Partners (Central Coast) Property Trust completed the purchase of a commercial property in Leeton, NSW for \$650,000. The purchase was funded through bank borrowings. Kelly Partner Leeton operates its accounting business from these premises.

### *Dividend*

On 5 February 2024 the Company announced that it will cease dividends payment and no dividends have been paid since February 2024.

There were no other significant changes in the state of affairs of the Group during the financial year.

## **Events after the reporting period**

On 12 July 2024 and 15 July 2024, the Company bought back 50,000 shares (on market) at an average share price of \$7.64. The number of shares outstanding as at the date of this report is 44,950,000.

On 16 August 2024, a subsidiary of the Company executed agreements to partner with an accounting firm located in Florida, United States through acquiring a 50.1% interest. Completion occurred on the same day. The partnership is expected to contribute approximately \$USD7.0m to \$USD8.2m (\$AUD10.8m to \$AUD12.5m) in annual revenues to the consolidated Group and approximately \$USD0.7m to \$USD0.8m (\$AUD1.08m to \$AUD1.25m) NPATA to the Company (based on achieving benchmark profitability metrics post improvements). For further details on the above partnership please refer to the latest ASX announcements.

The Group is in the process of determining fair values of the acquired assets and assumed liabilities and therefore disclosure of the fair values of the net identifiable assets and the goodwill arising from the acquisition cannot be made. This will be disclosed in the financial statements for the half year ending 31 December 2024.

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

## **Likely developments and expected results of operations**

The Group will continue to pursue its policy of increasing its profitability and market share in the markets within which it operates during the next financial year.

The Group's growth plan is based on a three-pronged strategy: organic growth, network expansion (which includes acquisitions, tuck-ins and greenfields) and the introduction of new services.

## **Economic, environmental and social sustainability risks**

The operations of the Group are not subject to any particular or significant Commonwealth, State or Territory environmental regulations.

Accounting services, which require associated expert advice typically provided by accountants, are important particularly in the case of small and medium enterprises where the complexity of taxation and other compliance requirements are increasing, and therefore it is unlikely that there would be a material risk in relation to economic sustainability. Risks that may arise include rapidity in changes in technology and simplification of tax legislation. The risks in relation to economic sustainability are considered as part of determining strategy and management regularly monitors market developments.

Part of the Group's commitment to managing these risks is ensuring that it has governance systems, structures, values, principles, frameworks and policies to define its decision making context for managing its business sustainably.



**Information on directors**

**Name:** **Brett Kelly** (appointed on 16 April 2017)  
**Title:** Executive Chairman and Chief Executive Officer  
**Qualifications:** BBus, CA, MTax, DipFS, RTA, JP  
**Experience and expertise:** Brett is the Founder and CEO of Kelly+Partners. He has more than 20 years of commercial and professional accountancy experience, specialising in assisting private clients, private business owners and families. He commenced his career as a Chartered Accountant with 5 years at PwC Australia, and then worked at 3 mid-sized accounting firms. In 2006, Brett founded Kelly+Partners with accounting businesses in North Sydney and the Central Coast, before building out the network to 30+ businesses over 30+ locations to date. Brett is also the best-selling author of four books on life, business and wisdom.

**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Special responsibilities:** Member of the Nomination and Remuneration Committee  
**Interests in shares:** 21,578,546 ordinary shares (48.0%)  
**Interests in options:** None  
**Contractual rights to shares:** None

**Name:** **Stephen Rouvray** (appointed on 2 May 2017)  
**Title:** Deputy Chairman and Non-Executive Independent Director  
**Qualifications:** BEc, CA  
**Experience and expertise:** Stephen has over 50 years' experience in financial services across many senior leadership roles. He was Chief Financial Officer, Company Secretary and Manager of Investor Relations for AUB Group (formerly Austbrokers) from 2005 until 2015. Prior to this, he was General Manager for ING Australia Holdings from 2002 to 2005 having joined ING's predecessor company, Mercantile Mutual, in 1985. Over this 20 year period, Stephen held the position of Company Secretary which included its subsidiary companies operating in the life & general insurance, investment management, funds management and banking sectors. At the start of his career, he worked in the accountancy profession from 1971 to 1984. Since retiring as CFO, Stephen continues to represent AUB Group as a director on the board of two of its associates.

**Other current directorships:** None  
**Former directorships (last 3 years):** None  
**Special responsibilities:** Chairman of the Nomination and Remuneration Committee  
 Chairman of the Audit and Risk Committee  
**Interests in shares:** 150,000 ordinary shares (0.3%)  
**Interests in options:** None  
**Contractual rights to shares:** None

**Name:** **Ryan Macnamee** (appointed on 2 May 2017)  
**Title:** Non-Executive Independent Director  
**Qualifications:** BCom, GACID  
**Experience and expertise:** Ryan is an experienced business technology executive with over 25 years of IT management and cyber security experience. He is currently on the board of Thinkproject Australia & New Zealand, and previously held board positions at the Open Data Institute and Advanced Navigation. Ryan has served in numerous senior IT management roles, including Group Chief Information Officer (CIO) and Group Chief Information Security Officer (CISO), Ryan has also held various senior IT positions at financial, insurance, construction, and retail operations globally. Ryan is co-founder of ECPPro, a Microsoft Azure cloud focused solution provider helping large corporations and MSP (Managed Service Providers) to manage complex cloud environments.

**Other current directorships:** Thinkproject  
**Former directorships (last 3 years):** Advanced Navigation  
**Special responsibilities:** Member of the Nomination and Remuneration Committee  
 Member of the Audit and Risk Committee  
**Interests in shares:** 159,901 ordinary shares (0.3%)  
**Interests in options:** None  
**Contractual rights to shares:** None

**Kelly Partners Group Holdings Limited**  
**Directors' report**  
**30 June 2024**

Name:	<b>Lawrence Cunningham</b> (appointed on 1 July 2022)
Title:	Non-Executive Independent Director
Qualifications:	BA Economics, JD
Experience and expertise:	Lawrence is an expert on corporate governance, culture, and structure. Since 2007, he has been the Tucker Research Professor at The George Washington University. Cunningham has written extensively on corporate affairs in university journals and periodicals. He has published many influential books, including <i>The Essays of Warren Buffett: Lessons for Corporate America</i> , in collaboration with Mr. Buffett; <i>The AIG Story</i> , with Hank Greenberg; and <i>Quality Shareholders: How the Best Managers Attract and Keep Them</i> . Lawrence is Vice Chairman of the Board of Constellation Software Inc., a Toronto Stock Exchange company, and Director and former Treasurer of Ocean Colony LLC, a private resort in East Hampton, New York. Cunningham is a Trustee of the Museum of American Finance; a Member of the Dean's Council of Lerner College of Business at the University of Delaware; and a Member of the Editorial Board of <i>Financial History</i> . Lawrence has served on the Boards of Directors of Ashford Hospitality Prime, an NYSE investor in luxury hotels; Pearl West Group, a private investment company in Vancouver, and Strata, a private technology company in Silicon Valley. A former Corporate Associate of Cravath, Swaine & Moore, Lawrence consults for public and private corporations and advises management and boards of directors. He has received numerous awards, including the 2018 B. Kenneth West Lifetime Achievement Award from the National Association of Corporate Directors (NACD).
Other current directorships:	Vice Chairman of the Board of Constellation Software Inc. (TSE: CSU) and Markel Group Inc. (NYSE:MKL)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	14,500 ordinary shares (0.0%)
Interests in options:	None
Contractual rights to shares:	None
Name:	<b>Paul Kuchta</b> (appointed on 2 May 2017)
Title:	Executive Director
Qualifications:	BBus, CA, FTIA, DipFP, RTA, JP
Experience and expertise:	Paul is a Chartered Accountant with over 20 years' accounting experience specialising in the provision of compliance, tax and advisory services to private SME's and their owners. He commenced his career with Farrar & Company Chartered Accountants in 1998, where he worked for 10 years. Paul then joined Crowe Horwath in 2008 for a further 4 years. He was a founding partner of Kelly+Partners Norwest when the practice was launched in 2012. Paul is the managing director of Kelly+Partners Sydney.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	180,648 ordinary shares (0.4%)
Interests in options:	None
Contractual rights to shares:	None
Name:	<b>Ada Poon</b> (appointed on 6 September 2019)
Title:	Executive Director
Qualifications:	BCom, MCom, JP, Registered Tax Agent, SMSF Specialist Advisor
Experience and expertise:	Ada has more than 20 years' professional accountancy experience and has specialised in accounting and taxation services to Private Business Owners based in Sydney, business and personal taxation compliance self-managed super funds and outsourced finance department services.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	409,137 ordinary shares (0.9%)
Interests in options:	None
Contractual rights to shares:	None

**Kelly Partners Group Holdings Limited**  
**Directors' report**  
**30 June 2024**

**Company secretary**

*Joyce Au - BCom, MCom, MTax, MA(Law), MAppFin. CA*

Joyce is a solicitor admitted to the Supreme Court of NSW and a Chartered Accountant. Joyce has 15 years' experience across accounting, tax, finance, commercial law, corporate transactions and business operations. Joyce has worked with Kelly Partners for over 10 years since its inception in 2006 across a number of roles including accounting, audit, finance and operations. Most recently she worked as the Corporate Advisor and Investment Analyst in Kelly Partners Corporate Advisory and Kelly Partners Investment Office businesses, covering due diligence, transactions management, financial analysis and fund administration. Prior to that, Joyce practised commercial law for several years advising on corporate structures & transactions, taxation and Corporations Act matters. Joyce is an alumni of the University of Cambridge and has graduated with a first class honours in law. She also holds Masters degrees in Accounting, Tax and Applied Finance.

**Meetings of directors**

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Brett Kelly	6	6	1	1	-	-
Stephen Rouvray	6	6	1	1	2	2
Ryan Macnamee	6	6	1	1	2	2
Lawrance Cunningham	6	6	-	-	-	-
Paul Kuchta	6	6	-	-	2	2
Ada Poon	6	6	-	-	-	-

**Committee membership**

As at the date of this report, the Company had an Audit and Risk Committee and a Nomination and Remuneration Committee. Members acting on the Committees of the Board during the year were:

**Audit and Risk Committee**

Stephen Rouvray (Chairman)  
 Ryan Macnamee  
 Paul Kuchta

**Nomination and Remuneration Committee**

Stephen Rouvray (Chairman)  
 Ryan Macnamee  
 Brett Kelly

**Remuneration report (audited)**

The remuneration report details the key management personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

**Principles used to determine the nature and amount of remuneration**

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

#### *Non-executive directors' remuneration*

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. A maximum annual aggregate remuneration of \$160,000 is currently in place.

#### *Executive remuneration*

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits;
- short-term performance incentives; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

#### *Employee Incentive Plan ('EIP')*

In December 2019, the Board approved the establishment of the EIP. The EIP is designed to assist in the attraction, motivation, retention and reward of employees by allowing them to participate in the overall success and growth of the Group. The EIP is also designed to align the interests of employees with the interests of shareholders by providing an opportunity for the participants to receive an equity interest in the Company. In FY2024 the EIP Trust purchased 48,065 shares on market for a total of \$234,651 with an average share price of \$4.88. As at 30 June 2024, total shares of 439,559 continue to be held in trust, of which 335,525 shares have been granted to employees and are unvested. During the year, 13,994 of shares vested. The Key Management Personnel of the Company was not part of the Employee Incentive Plans outlined above.

#### *Group performance and link to remuneration*

For the year ended 30 June 2024 there was no link between Group performance and KMP remuneration other than for the Chairman and CEO, whose remuneration is based on a percentage of total revenue.

**Kelly Partners Group Holdings Limited**  
**Directors' report**  
**30 June 2024**

*Use of remuneration consultants*

During the financial year ended 30 June 2024, the Group engaged Godfrey Remuneration Group ('GRG') remuneration consultants, to provide a data analysis report regarding CEO and CFO market remuneration quantum and structure. A total amount of \$35,600 was paid to engage GRG. No remuneration recommendations were given by the remuneration consultant.

*Voting and comments made at the Company's 2023 Annual General Meeting ('AGM')*

The motion was put to a poll at the AGM and was carried.

***Details of remuneration***

*Amounts of remuneration*

Details of the remuneration of KMP of the Group are set out in this section.

The KMP of the Group consisted of the following directors of Kelly Partners Group Holdings Limited:

- Brett Kelly - Chairman, Chief Executive Officer, Executive Director
- Stephen Rouvray - Deputy Chairman, Non-Executive Independent Director
- Lawrence Cunningham, Non-Executive Independent Director
- Paul Kuchta - Executive Director
- Ryan Macnamee - Non-Executive Independent Director
- Ada Poon - Executive Director

	Short-term benefits			Post employment benefits	Leave	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Annual /long service	Equity-settled	
2024	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Stephen Rouvray	45,045	-	-	4,955	-	-	50,000
Ryan Macnamee	36,036	-	-	3,964	-	-	40,000
Lawrence Cunningham	60,000	-	-	-	-	-	60,000
<i>Executive Directors:</i>							
Brett Kelly <sup>16</sup>	1,062,223	-	69,209	19,200	101,212	-	1,251,844
Paul Kuchta	10,811	-	-	1,189	-	-	12,000
Ada Poon	10,811	-	-	1,189	-	-	12,000
	<u>1,224,926</u>	<u>-</u>	<u>69,209</u>	<u>30,497</u>	<u>101,212</u>	<u>-</u>	<u>1,425,844</u>

<sup>16</sup> \$62,209 includes the cost of medical insurances provided to Brett for his relocation to the United States.

**Kelly Partners Group Holdings Limited**  
**Directors' report**  
**30 June 2024**



	Short-term benefits			Post employment benefits	Leave	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Annual /long service	Equity-settled	
2023	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Stephen Rouvray	45,249	-	-	4,751	-	-	50,000
Ryan Macnamee	36,199	-	-	3,801	-	-	40,000
Lawrence Cunningham	60,000	-	-	-	-	-	60,000
<i>Executive Directors:</i>							
Brett Kelly	839,951	-	20,557	25,292	-	-	885,800
Paul Kuchta	10,860	-	-	1,140	-	-	12,000
Ada Poon	10,860	-	-	1,140	-	-	12,000
	1,003,119	-	20,557	36,124	-	-	1,059,800

The fixed and the variable at risk proportions of remuneration are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
<i>Non-Executive Directors:</i>						
Stephen Rouvray	100%	100%	-	-	-	-
Ryan Macnamee	100%	100%	-	-	-	-
Lawrence Cunningham	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
Brett Kelly	100%	100%	-	-	-	-
Paul Kuchta	100%	100%	-	-	-	-
Ada Poon	100%	100%	-	-	-	-

**Service agreements**

Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

Name: **Brett Kelly**  
 Title: Chairman, Chief Executive Officer, Executive Director  
 Agreement commenced: 6 December 2021  
 Term of agreement: No fixed period  
 Details: Total Fixed Annual Remuneration to be based upon 1% of the actual audited revenues of the Kelly Partners Group. Terms include a 12 month termination notice by either party and non-solicitation clause.

Name: **Stephen Rouvray**  
 Title: Deputy Chairman, Non-Executive Independent Director  
 Agreement commenced: 2 May 2017  
 Term of agreement: No fixed period  
 Details: Director fees of \$50,000 inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee.

**Kelly Partners Group Holdings Limited**  
**Directors' report**  
**30 June 2024**



**Name:** **Ryan Macnamee**  
**Title:** Non-Executive Independent Director  
**Agreement commenced:** 2 May 2017  
**Term of agreement:** No fixed period  
**Details:** Director fees of \$40,000 inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee.

**Name:** **Lawrence Cunningham**  
**Title:** Non-Executive Independent Director  
**Agreement commenced:** 1 July 2022  
**Term of agreement:** No fixed period  
**Details:** Director fees of \$60,000 inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee.

**Name:** **Paul Kuchta**  
**Title:** Executive Director  
**Agreement commenced:** 2 May 2017  
**Term of agreement:** No fixed period  
**Details:** Director fees of \$12,000 inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee.  
 Paul Kuchta is an Operating Business Owner in the Kelly Partners Sydney CBD business (incorporating the Kelly Partners Norwest business) and receives a base salary plus dividends from the Operating Business in accordance with the terms of the shareholders' agreement.

**Name:** **Ada Poon**  
**Title:** Executive Director  
**Agreement commenced:** 6 September 2019  
**Term of agreement:** No fixed period  
**Details:** Director fees of \$12,000 inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee.  
 Ada Poon is an Operating Business Owner in the Kelly Partners North Sydney Partnership and receives a base distribution plus a distribution of profits from that Operating Business in accordance with the terms of the Partnership Agreement.

**Share-based compensation**

*Issue of shares*

There were no shares issued to directors and other KMP as part of compensation during the year ended 30 June 2024.

*Options*

There were no options over ordinary shares issued to directors and other KMP as part of compensation that were outstanding as at 30 June 2024.

**Additional information**

The earnings of the Group for the five years to 30 June 2024 are summarised below:

	<b>2024</b>	<b>2023<sup>17</sup></b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue and other gains	109,183	86,611	67,436	50,709	47,290
EBITDA	33,505	25,530	24,790	18,887	16,849
Profit after income tax	13,541	10,899	13,329	10,941	10,359

<sup>17</sup> FY23 numbers and metrics presented in this Directors' Report excludes operations that were discontinued in FY24 for like for like comparison. For details on discontinued operations, please refer to the "Sale of Businesses" section.

**Kelly Partners Group Holdings Limited**  
**Directors' report**  
**30 June 2024**



The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2024	2023 <sup>18</sup>	2022	2021	2020
Share price at financial year end (\$)	8.25	4.72	3.88	3.40	0.88
Basic earnings per share (cents per share)	7.37	8.62	12.36	10.24	8.84
Diluted earnings per share (cents per share)	7.37	8.62	12.36	10.24	8.84

**Additional disclosures relating to KMP**

**Shareholding**

The number of shares in the Company held during the financial year by each director and other members of KMP of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Additions*/(reduction)	Other	Balance at the end of the year
<i>Ordinary shares</i>				
Brett Kelly	22,412,266	(833,720)	-	21,578,546
Stephen Rouvray	150,000	-	-	150,000
Ryan Macnamee	159,901	-	-	159,901
Lawrence Cunningham	10,000	4,500	-	14,500
Paul Kuchta	175,784	4,864	-	180,648
Ada Poon	405,137	4,000	-	409,137
	<u>23,313,088</u>	<u>(820,356)</u>	<u>-</u>	<u>22,492,732</u>

\* There were no shares received as part of remuneration.

*Loans to/(from) KMP and their related parties*

*Key management personnel*

	2024 \$
<i>Loans to directors:</i>	
Balance at the beginning of the year	860,681
- loans advanced	805,703
- interest on loans	51,466
- repayment of loans advanced	(671,502)
- differences due to foreign exchange conversion	954
Balance at the end of the year	<u>1,047,302</u>

On 30 October 2022, the Board of Directors approved a loan facility to Brett Kelly. The facility is secured and personally guaranteed by Brett Kelly with interest charged at commercial rates.

*Kelly Partners (Canberra) Property Trust*

	2024 \$
<i>Loans from related party:</i>	
Balance at the beginning of the year	(1,175,000)
- loans from	-
- interest on loan	(124,679)
- payment	124,679
Balance at the end of the year	<u>(1,175,000)</u>

<sup>18</sup> FY23 numbers and metrics presented in this Directors' Report excludes operations that were discontinued in FY24 for like for like comparison. For details on discontinued operations, please refer to the "Sale of Businesses" section.



**Kelly Partners Group Holdings Limited**  
**Directors' report**  
**30 June 2024**



Kelly Partners (Investment Office) Pty Ltd is the investment manager of Kelly Partners Investment Office Special Opportunities Fund #2. Kelly Partners (Canberra) Property Trust is a wholly owned subsidiary of Kelly Partners Group Holdings Limited.

On 20 December 2021, the Kelly Partners Investment Office Special Opportunities Fund #2 advanced a short term loan facility of \$2.2m to Kelly Partners (Canberra) Property Trust, to assist with the purchase of Unit 141, 39 Eastlake Parade, Kingston ACT ('the Canberra Property'). The facility is secured by a mortgage over the Canberra Property and is guaranteed by Kelly Partners Group Holdings Limited. On 11 January 2023, \$1.0 million of the loan was refinanced with a commercial bank. Interest is charged at commercial rates and the term of the related party loan was extended to 30 September 2024.

*Employee share trust*

In FY2023 and FY2024, a number of operating businesses paid amounts to an Employee Share Trust as part of the Employee Share Scheme ('ESS'). The monies received by the Employee Share Trust were used to acquire the shares of Kelly Partners Group Holdings Limited (KPG.ASX).

	<b>2024</b> \$
<i>Loans to Employee Share Trust:</i>	
Balance at the beginning of the year	1,717,894
- loans advanced	273,851
- interest on loan	151,356
- payment	<u>(19,065)</u>
Balance at the end of the year	<u><u>2,124,036</u></u>

***This concludes the remuneration report, which has been audited.***

**Shares under option**

There were no unissued ordinary shares of Kelly Partners Group Holdings Limited under option outstanding at the date of this report.

**Shares issued on the exercise of options**

There were no ordinary shares of Kelly Partners Group Holdings Limited issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

**Indemnity and insurance of officers**

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**

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

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

**Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

**Non-audit services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 31 to the financial statements.

**Kelly Partners Group Holdings Limited**  
**Directors' report**  
**30 June 2024**

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 31 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

**Rounding of amounts**

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Officers of the Company who are former partners of William Buck Accountants & Advisors**

There are no officers of the Company who are former partners of William Buck Accountants & Advisors.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



---

Brett Kelly  
Executive Chairman and Chief Executive Officer

21 August 2024  
Sydney

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

### To the directors of Kelly Partners Group Holdings Limited

As lead auditor for the audit of Kelly Partners Group Holdings Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

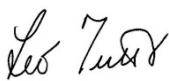
This declaration is in respect of Kelly Partners Group Holdings Limited and the entities it controlled during the year.



**William Buck**

Accountants & Advisors

ABN 16 021 300 521



**L. E. Tutt**

Partner

Sydney, 21 August 2024

**Kelly Partners Group Holdings Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2024**



KELLY PARTNERS GROUP HOLDINGS LIMITED

	Note	Consolidated 2024 \$'000	2023 \$'000
<b>Revenue</b>			
Professional services revenue	5	108,143	83,675
Government grants and subsidies	6	77	877
Other income	7	963	2,059
Total revenue and other income		<u>109,183</u>	<u>86,611</u>
<b>Expenses</b>			
Employment and related expenses	8	(54,243)	(43,538)
Occupancy costs		(1,357)	(1,244)
Other expenses		(17,516)	(15,537)
Business acquisition and restructuring costs		(2,562)	(762)
Depreciation and amortisation expense	8	(12,131)	(9,228)
Finance costs	8	(5,751)	(4,260)
Total expenses		<u>(93,560)</u>	<u>(74,569)</u>
<b>Profit before income tax expense from continuing operations</b>		15,623	12,042
Income tax expense	9	(2,082)	(1,143)
Profit after income tax expense from continuing operations		13,541	10,899
Profit after income tax expense from discontinued operations	10	697	164
<b>Profit after income tax expense for the year</b>		14,238	11,063
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(54)	(30)
Other comprehensive income for the year, net of tax		(54)	(30)
<b>Total comprehensive income for the year</b>		<u>14,184</u>	<u>11,033</u>
Profit for the year is attributable to:			
Non-controlling interests		10,713	7,134
Owners of Kelly Partners Group Holdings Limited		3,525	3,929
		<u>14,238</u>	<u>11,063</u>
Profit for the year is attributable to:			
Continuing operations		10,225	7,019
Discontinuing operations		488	115
Non-controlling interests		10,713	7,134
Continuing operations		3,315	3,880
Discontinuing operations		209	49
Owners of Kelly Partner Group Holding Limited		3,524	3,929
		<u>14,237</u>	<u>11,063</u>

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

**Kelly Partners Group Holdings Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2024**



	Note	Consolidated 2024 \$'000	2023 \$'000
Total comprehensive income for the year is attributable to:			
Continuing operations		10,185	7,021
Discontinued operations		488	115
Non-controlling interests		10,673	7,136
Continuing operations		3,302	3,848
Discontinued operations		209	49
Owners of Kelly Partners Group Holdings Limited		3,511	3,897
		14,184	11,033
		Cents	Cents
<b>Earnings per share for profit from continuing operations attributable to the owners of Kelly Partners Group Holdings Limited</b>			
Basic earnings per share	11	7.37	8.62
Diluted earnings per share	11	7.37	8.62
<b>Earnings per share for profit from discontinued operations attributable to the owners of Kelly Partners Group Holdings Limited</b>			
Basic earnings per share	11	0.46	0.11
Diluted earnings per share	11	0.46	0.11
<b>Earnings per share for profit attributable to the owners of Kelly Partners Group Holdings Limited</b>			
Basic earnings per share	11	7.83	8.73
Diluted earnings per share	11	7.83	8.73

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

**Kelly Partners Group Holdings Limited**  
**Consolidated statement of financial position**  
**As at 30 June 2024**



	Note	Consolidated 2024 \$'000	2023 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	3,272	5,331
Trade and other receivables	13	16,791	12,380
Lease receivables	14	25	62
Accrued income		3,885	4,153
Other financial assets	15	3,447	2,542
Other assets	19	1,956	1,431
Total current assets		<u>29,376</u>	<u>25,899</u>
<b>Non-current assets</b>			
Lease receivables	14	-	11
Other financial assets	15	9,700	7,696
Property, plant and equipment	16	13,431	11,833
Right-of-use assets	17	24,390	20,614
Intangible assets	18	81,789	65,853
Other assets	19	630	681
Total non-current assets		<u>129,940</u>	<u>106,688</u>
<b>Total assets</b>		<u>159,316</u>	<u>132,587</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	20	7,162	6,060
Contract liabilities		2,682	2,443
Borrowings	21	14,218	19,265
Lease liabilities	22	3,602	2,798
Current tax liabilities	9	2,373	1,717
Provisions	23	4,587	4,075
Contingent consideration	24	1,989	4,112
Other financial liabilities	25	999	1,499
Total current liabilities		<u>37,612</u>	<u>41,969</u>
<b>Non-current liabilities</b>			
Borrowings	21	34,217	25,984
Lease liabilities	22	25,363	21,125
Deferred tax liabilities	9	3,446	3,038
Provisions	23	741	640
Contingent consideration	24	4,230	2,370
Other financial liabilities	25	1,355	1,990
Total non-current liabilities		<u>69,352</u>	<u>55,147</u>
<b>Total liabilities</b>		<u>106,964</u>	<u>97,116</u>
<b>Net assets</b>		<u>52,352</u>	<u>35,471</u>

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

**Kelly Partners Group Holdings Limited**  
**Consolidated statement of financial position**  
**As at 30 June 2024**



	<b>Note</b>	<b>Consolidated</b>	
		<b>2024</b>	<b>2023</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Equity</b>			
Issued capital	26	13,470	13,470
Reserve	27	(44)	(30)
Retained profits		9,213	7,100
Equity attributable to the owners of Kelly Partners Group Holdings Limited		<u>22,639</u>	<u>20,540</u>
Non-controlling interests		<u>29,713</u>	<u>14,931</u>
<b>Total equity</b>		<u><u>52,352</u></u>	<u><u>35,471</u></u>

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

**Kelly Partners Group Holdings Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2024**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserve \$'000</b>	<b>Retained profits \$'000</b>	<b>Non-controlling interests \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2022	13,470	2	7,225	13,256	33,953
Profit after income tax expense for the year	-	-	3,929	7,134	11,063
Other comprehensive income for the year, net of tax	-	(32)	-	2	(30)
Total comprehensive income for the year	-	(32)	3,929	7,136	11,033
<i>Transactions with owners in their capacity as owners:</i>					
Equity attributable to acquisitions	-	-	-	3,514	3,514
Purchase/sale of equity interest in subsidiary	-	-	(174)	(198)	(372)
Distributions to non-controlling interests	-	-	-	(8,777)	(8,777)
Dividends paid (note 28)	-	-	(3,880)	-	(3,880)
Balance at 30 June 2023	<u>13,470</u>	<u>(30)</u>	<u>7,100</u>	<u>14,931</u>	<u>35,471</u>
<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserve \$'000</b>	<b>Retained profits \$'000</b>	<b>Non-controlling interests \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2023	13,470	(30)	7,100	14,931	35,471
Profit after income tax expense for the year	-	-	3,525	10,713	14,238
Other comprehensive income for the year, net of tax	-	(14)	-	(40)	(54)
Total comprehensive income for the year	-	(14)	3,525	10,673	14,184
<i>Transactions with owners in their capacity as owners:</i>					
Equity attributable to acquisitions	-	-	-	13,128	13,128
Contribution from non-controlling interests	-	-	-	559	559
Purchase/sale of equity interest in subsidiary	-	-	164	(193)	(29)
Distributions to non-controlling interests	-	-	-	(9,385)	(9,385)
Dividends paid (note 28)	-	-	(1,576)	-	(1,576)
Balance at 30 June 2024	<u>13,470</u>	<u>(44)</u>	<u>9,213</u>	<u>29,713</u>	<u>52,352</u>

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



**Kelly Partners Group Holdings Limited**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2024**

	Note	Consolidated 2024 \$'000	2023 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		118,417	94,675
Payments to suppliers and employees		(86,226)	(70,920)
Government grants received		77	877
Other income		193	86
Finance costs paid		(3,733)	(2,523)
Income taxes paid		(3,114)	(2,698)
Net cash from operating activities	38	<u>25,614</u>	<u>19,497</u>
<b>Cash flows from investing activities</b>			
Payment for purchase of business		(8,850)	(4,873)
Payment for contingent consideration	24	(2,977)	(84)
Payments for purchase of equity interest in subsidiary		-	(233)
Proceeds from sale of equity interest in subsidiary		2,234	-
Proceeds from sale of business		1,195	-
Payments for property, plant and equipment		(3,421)	(2,135)
Payments for intangibles		(862)	(514)
Proceeds from disposal of intangibles		107	-
Payments to employee share scheme trust		(274)	(820)
Repayment of related party loans		(3,357)	(6,328)
Proceeds from repayments of loans		872	3,498
Proceeds from fitout contribution		454	292
Proceeds/(payments) in respect of deposits		58	(135)
Net cash used in investing activities		<u>(14,821)</u>	<u>(11,332)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	38	20,413	11,592
Repayment of borrowings	38	(10,328)	(8,804)
Loans advanced to related parties	38	(187)	(1,025)
Proceeds from equity contribution, non-controlling interests		559	-
Dividends paid	28	(1,576)	(3,880)
Distributions paid to non-controlling interests		(9,385)	(8,777)
Repayment of lease liabilities	38	(5,529)	(4,120)
Proceeds from sub-lease		80	62
Net cash used in financing activities		<u>(5,953)</u>	<u>(14,952)</u>
Net increase/(decrease) in cash and cash equivalents		4,840	(6,787)
Cash and cash equivalents at the beginning of the financial year		<u>(5,783)</u>	<u>1,004</u>
Cash and cash equivalents at the end of the financial year	12	<u><u>(943)</u></u>	<u><u>(5,783)</u></u>

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

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

### **Note 1. General information**

The financial statements cover Kelly Partners Group Holdings Limited (the 'Company' or 'parent entity') and its controlled entities as a consolidated entity consisting of Kelly Partners Group Holdings Limited and the entities (the 'Group') it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars. The functional currency of the Kelly Partners Group Holdings Limited and its Australian controlled entities is Australian dollars. The functional currency of certain non-Australian controlled entities is not Australian dollars. The results of these entities are translated into Australian dollars in accordance with our accounting policy described in note 2.

Kelly Partners Group Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 8,  
32 Walker Street,  
North Sydney, NSW 2060

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 21 August 2024. The directors have the power to amend and reissue the financial statements.

### **Note 2. Material accounting policy information**

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

#### **New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards, amendments and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards, amendments or Interpretations that are not yet mandatory have not been early adopted.

#### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention except for certain financial assets and financial liabilities at fair value.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

#### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 35.

#### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kelly Partners Group Holdings Limited as at 30 June 2024 and the results of all subsidiaries for the year then ended.

## **Note 2. Material accounting policy information (continued)**

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

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

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

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

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

### **Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### **Foreign currency translation**

#### *Foreign currency transactions*

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

#### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### **Revenue recognition**

The Group recognises revenue as follows:

#### *Revenue from contracts with customers*

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

## **Note 2. Material accounting policy information (continued)**

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

### *Provision of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

### *Commissions and other income*

Commissions and other income is recognised when it is received or when the right to receive the payment is established.

### **Government grants**

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

### **Income tax**

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

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period's tax payable to generate a refundable tax offset.

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

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

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Kelly Partners Group Holdings Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

## **Note 2. Material accounting policy information (continued)**

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

### **Discontinued operations**

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

### **Current and non-current classification**

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

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

### **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement immediately.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

### **Accrued income and contract liabilities**

An accrued income asset arises where the Group has performed by transferring goods or services to a customer prior to the receipt of consideration from the customer or prior to payment becoming due and represents the Group's right to consideration for the transferred good or service.

Contract liabilities represent the Group's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the services to the customer.

When a customer pays in advance, the amount received by the Group is recognised as a contract liability until the service has been provided to the customer.

### **Property, plant and equipment**

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

## Note 2. Material accounting policy information (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years
Motor vehicles	8 years

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

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

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

### Right-of-use assets

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

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

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

### Intangible assets

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

#### *Goodwill*

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

#### *Brand names and intellectual property*

Brand names and intellectual property have indefinite useful lives and are not amortised. Management considers that the useful lives of brands names and intellectual property are indefinite because there is no foreseeable limit to the cash flows these assets can generate. This is reassessed every year. Instead, they are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses.

#### *Customer relationships*

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 to 7 years.

## **Note 2. Material accounting policy information (continued)**

### *Software - Computer software*

Significant costs associated with computer software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

### *Other intangible assets*

Significant costs associated with other intangible assets are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

### **Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans and borrowings are classified as non-current.

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

### **Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### **Group as a lessor**

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Leases in which the Group transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as a finance lease, where the asset is recognised on the statement of financial position and presented as a lease receivable at an amount equal to the net investment in the lease. The interest rate implicit in the lease is used to measure the net investment in the lease. Initial direct costs are included in the initial measurement of the net investment in the lease.

## **Note 2. Material accounting policy information (continued)**

### **Finance costs**

All finance costs are expensed in the period in which they are incurred.

### **Employee benefits**

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### *Other long-term employee benefits*

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

#### *Equity-settled compensation*

Equity-settled compensation benefits are provided to employees.

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

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period.

### **Fair value measurement**

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

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

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

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

### **Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.



## **Note 2. Material accounting policy information (continued)**

### **Share buy-back**

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Kelly Partners Group Holdings Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Kelly Partners Group Holdings Limited.

### **Business combinations**

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

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

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

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

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

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

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

### **Earnings per share**

#### *Basic earnings per share*

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

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## **Note 2. Material accounting policy information (continued)**

### **Goods and Services Tax ('GST') and other similar taxes**

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

### **Rounding of amounts**

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## **Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on shared credit risk characteristics and on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include past default experience of the debtor profile and an assessment of the historical loss rates.

### *Accrued income*

An accrued income asset arises where the Group has performed by transferring goods or services to a customer prior to the receipt of consideration from the customer and represents the Group's right to consideration for the transferred good or service. While assessing the accrued income balance, a degree of estimation needs to be applied on its recoverability and the assessment is primarily based on the Operating Business Owner's professional judgement on the proportionate completion of the performance obligations in comparison to the transaction price stated in the contract .

### *Goodwill and other indefinite life intangible assets*

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

### **Note 3. Critical accounting judgements, estimates and assumptions (continued)**

#### *Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

#### *Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

#### *Business combinations*

As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

### **Note 4. Operating segments**

The Group is organised into two reportable segments: (1) Accounting and (2) Other services.

The principal products and services of each of these operating segments are as follows:

Accounting	Accounting and taxation services, corporate secretarial, outsourced CFO, audits, business structuring, bookkeeping, and all other accounting related services.
Other services	Financial broking services, wealth management, investment office and all other non-accounting services.

The operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 4. Operating segments (continued)**

*Operating reportable segment information*

	<b>Accounting \$'000</b>	<b>Other services \$'000</b>	<b>Discontinued operations \$'000</b>	<b>Total \$'000</b>
<i>Year ended 30 June 2024:</i>				
Revenue	102,750	5,393	1,349	109,492
EBITDA	31,284	2,220	1,230	34,734
Profit before income tax expense	13,555	2,068	996	16,619

*Segment assets, liabilities and net assets at 30 June 2024:*

Current assets	25,889	2,649	838	29,376
Non-current assets	128,526	1,414	-	129,940
Current liabilities	(36,246)	(1,037)	(329)	(37,612)
Non-current liabilities	(68,185)	(1,167)	-	(69,352)
Net assets	49,983	1,859	510	52,352

EBITDA and profit before income tax of discontinued operations include a gain on disposal of the subsidiaries and assets. Please refer to note 10 for details.

	<b>Accounting \$'000</b>	<b>Other services \$'000</b>	<b>Discontinued operations \$'000</b>	<b>Total \$'000</b>
<i>Year ended 30 June 2023:</i>				
Revenue	79,070	4,605	2,849	86,524
EBITDA	23,874	1,655	662	26,191
Profit before income tax expense	10,306	1,736	234	12,276

*Segment assets, liabilities and net assets at 30 June 2023:*

Current assets	23,065	1,032	1,802	25,899
Non-current assets	104,501	713	1,474	106,688
Current liabilities	(39,286)	(752)	(1,931)	(41,969)
Non-current liabilities	(52,723)	(313)	(2,111)	(55,147)
Net assets	35,557	680	(766)	35,471

*Geographical information*

	<b>Revenue from external customers</b>		<b>Geographical non-current assets</b>	
	<b>2024 \$'000</b>	<b>2023 \$'000</b>	<b>2024 \$'000</b>	<b>2023 \$'000</b>
Australia	104,704	85,942	123,978	106,152
Others	4,788	582	5,962	536
	<u>109,492</u>	<u>86,524</u>	<u>129,940</u>	<u>106,688</u>

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 5. Professional services revenue**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>From continuing operations</b>		
Professional services revenue	<u>108,143</u>	<u>83,675</u>

*Timing of revenue recognition*

The revenue from provision of services from contracts with customers is recognised over time.

Refer to note 4 for revenue by operating segments.

**Note 6. Government grants and subsidies**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>From continuing operations</b>		
Government apprenticeship support programme	<u>77</u>	<u>877</u>

**Note 7. Other income**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>From continuing operations</b>		
Remeasurement of lease liabilities	5	114
Change in fair value of contingent consideration (note 24)	764	1,859
Commissions	144	39
Other income	<u>50</u>	<u>47</u>
Other income	<u>963</u>	<u>2,059</u>

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 8. Expenses**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Depreciation right-of-use of assets	4,237	3,330
Depreciation property, plant and equipment	2,073	1,995
Amortisation	5,821	3,903
	12,131	9,228
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	1,813	1,274
Interest on bank overdrafts and loans	3,422	2,447
Interest on unwinding retention	516	539
	5,751	4,260
<i>Net loss on disposal</i>		
Net loss on disposal of property, plant and equipment	210	198
<i>Employment and related expenses</i>		
Salaries, wages and contractors	49,001	39,110
Superannuation*	3,331	2,830
Other on costs	2,053	1,752
Employee leave	(142)	(154)
	54,243	43,538
Total employment and related expenses	54,243	43,538

\* Superannuation as a percentage of salaries, wages and contractors may vary from year to year due to changes in salary sacrifice arrangements as well as changes to contractor engagements.

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 9. Income tax**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Income tax expense</i>		
Current tax	3,881	2,364
Origination and reversal of temporary differences	(1,500)	(1,052)
Adjustment recognised for prior periods	-	(99)
	<u>2,381</u>	<u>1,213</u>
Aggregate income tax expense		
Income tax expense is attributable to:		
Profit from continuing operations	2,082	1,143
Profit from discontinued operations	299	70
	<u>2,381</u>	<u>1,213</u>
Aggregate income tax expense		
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense from continuing operations	15,623	12,042
Profit before income tax expense from discontinued operations	996	234
	<u>16,619</u>	<u>12,276</u>
Tax at the statutory tax rate of 30%	4,986	3,683
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-taxable items	442	(303)
	<u>5,428</u>	<u>3,380</u>
Current year tax losses not recognised	-	40
Difference in overseas tax rates	(6)	-
Adjustment recognised for prior periods	-	(99)
Distributions to non-controlling interests	(3,041)	(2,108)
	<u>(3,041)</u>	<u>(2,108)</u>
Income tax expense	<u>2,381</u>	<u>1,213</u>

As the majority of operating businesses are structured as partnerships, the income tax expense attributable to the non-controlling interests in these partnerships is not included in the consolidated accounts. This is with the exception of subsidiaries that are in a corporate structure where the consolidated income tax expense is included in the profit attributable to non-controlling interests in these subsidiaries. The remaining balance of the consolidated income tax expense is included in the profit attributable to the shareholders in the parent entity.

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 9. Income tax (continued)**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Net deferred tax liability</i>		
Amounts recognised in profit or loss:		
Accrued expenses	(1,289)	(1,149)
Income assessable on receipt	373	519
Differences between accounting and tax depreciation	344	725
Customer relationship intangibles	4,814	3,569
Leases	(796)	(626)
	<u>3,446</u>	<u>3,038</u>
Deferred tax liability	<u>3,446</u>	<u>3,038</u>
Movements:		
Opening balance	3,038	2,653
Credited to profit or loss	(1,500)	(1,052)
Additions through business combinations (note 36)	2,377	1,604
Other movements	(469)	(167)
	<u>3,446</u>	<u>3,038</u>
Closing balance	<u>3,446</u>	<u>3,038</u>
	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Provision for income tax</i>		
Provision for income tax	<u>2,373</u>	<u>1,717</u>

**Note 10. Discontinued operations**

*Description*

In December 2023, Kelly Partners sold all of the Company's shares in Kelly Partners Private Wealth (Central Coast & Hunter Region) Pty Ltd and Kelly Partners Life Insurance Services (Central Coast & Hunter Region) Pty Ltd as well as its retail wealth management business operated from Kelly Partners Private Wealth Retail Partnership.

In June 2024, Kelly Partners Private Wealth Northern Beaches Partnership sold its retail wealth management business.

The business' cashflows and operations can clearly be distinguished operationally and financially from the rest of the Group and hence these are disclosed as discontinued operations.



**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 10. Discontinued operations (continued)**

*Financial performance information*

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Professional services revenue	1,349	2,849
Employment and related expenses	(861)	(1,788)
Occupancy costs	-	(43)
Other expenses	(247)	(310)
Business acquisition and restructuring costs	(24)	(45)
Depreciation and amortisation expense	(165)	(323)
Finance costs	(68)	(106)
Total expenses	<u>(1,365)</u>	<u>(2,615)</u>
(Loss)/profit before gain on disposal	(16)	234
Gain on disposal of subsidiaries and assets	1,012	-
Profit before income tax expense	<u>996</u>	<u>-</u>
Income tax expense	(299)	(70)
Profit after income tax expense from discontinued operations	<u><u>697</u></u>	<u><u>164</u></u>

*Cash flow information*

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Net cash from operating activities	74	383
Net cash from investing activities	1,105	117
Net cash used in financing activities	<u>(929)</u>	<u>(536)</u>
Net increase/(decrease) in cash and cash equivalents from discontinued operations	<u><u>250</u></u>	<u><u>(36)</u></u>

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 10. Discontinued operations (continued)**

*Carrying amounts of assets and liabilities disposed*

	<b>Consolidated 2024 \$'000</b>
Cash and cash equivalents	29
Trade and other receivables	41
Accrued income	20
Other financial assets	1,946
Other current assets	15
Intangibles	3,936
Total assets	<u>5,987</u>
Trade and other payables	38
Borrowings	2,159
Other liabilities	821
Total liabilities	<u>3,018</u>
Net assets	<u><u>2,969</u></u>

*Details of the disposal*

	<b>Consolidated 2024 \$'000</b>
Total sale consideration	3,788
Carrying amount of net assets disposed	(2,969)
Derecognition of non-controlling interest*	<u>193</u>
Gain on disposal before income tax	<u><u>1,012</u></u>

\* The derecognition of non-controlling interest relates to the non-controlling interest's gain on their sale of equity interest in the discontinued operations (that is Kelly Partners Private Wealth (Central Coast & Hunter Region) and Kelly Partners Life Insurance Services (Central Coast & Hunter Region) Pty Ltd) that is not a part of the consolidated group.

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**



**Note 11. Earnings per share**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Earnings per share for profit from continuing operations</i>		
Profit after income tax	13,541	10,899
Non-controlling interests	<u>(10,225)</u>	<u>(7,020)</u>
Profit after income tax attributable to the owners of Kelly Partners Group Holdings Limited	<u>3,316</u>	<u>3,879</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	7.37	8.62
Diluted earnings per share	7.37	8.62
	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Earnings per share for profit from discontinued operations</i>		
Profit after income tax	697	164
Non-controlling interests	<u>(488)</u>	<u>(115)</u>
Profit after income tax attributable to the owners of Kelly Partners Group Holdings Limited	<u>209</u>	<u>49</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.46	0.11
Diluted earnings per share	0.46	0.11
	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Earnings per share for profit</i>		
Profit after income tax	14,238	11,063
Non-controlling interests	<u>(10,713)</u>	<u>(7,134)</u>
Profit after income tax attributable to the owners of Kelly Partners Group Holdings Limited	<u>3,525</u>	<u>3,929</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	7.83	8.73
Diluted earnings per share	7.83	8.73
	<b>Number</b>	<b>Number</b>
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>45,000,000</u>	<u>45,000,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>45,000,000</u>	<u>45,000,000</u>

**Note 12. Cash and cash equivalents**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and in hand	<u>3,272</u>	<u>5,331</u>

*Reconciliation to cash and cash equivalents at the end of the financial year*

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

Balances as above	3,272	5,331
Bank overdrafts (note 21)	<u>(4,215)</u>	<u>(11,114)</u>
Balance as per statement of cash flows	<u>(943)</u>	<u>(5,783)</u>

**Note 13. Trade and other receivables**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Trade receivables	17,714	12,944
Less: Allowance for expected credit losses	<u>(923)</u>	<u>(564)</u>
	<u>16,791</u>	<u>12,380</u>

*Allowance for expected credit losses*

The Group has written off a loss of \$213,000 (2023: \$112,000) in respect of credit losses during the year ended 30 June 2024.

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

<b>Consolidated</b>	<b>Expected credit loss rate</b>		<b>Carrying amount</b>		<b>Allowance for expected credit losses</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>%</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
0 to 3 months overdue	1.09%	0.83%	14,021	10,520	153	88
3 to 6 months overdue	6.33%	5.37%	2,350	1,515	149	81
Over 6 months overdue	46.28%	43.45%	<u>1,343</u>	<u>909</u>	<u>621</u>	<u>395</u>
			<u>17,714</u>	<u>12,944</u>	<u>923</u>	<u>564</u>

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 13. Trade and other receivables (continued)**

Movements in the allowance for expected credit losses are as follows:

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	564	369
Additional provisions recognised	572	307
Receivables written off during the year as uncollectable	(213)	(112)
	<u>923</u>	<u>564</u>
Closing balance	<u><u>923</u></u>	<u><u>564</u></u>

**Note 14. Lease receivables**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Lease receivables	25	62
<i>Non-current assets</i>		
Lease receivables	-	11
	<u>25</u>	<u>73</u>
	<u><u>25</u></u>	<u><u>73</u></u>

**Note 15. Other financial assets**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Loans to partners	2,400	1,681
Loans to related parties (note 34)	1,047	861
	<u>3,447</u>	<u>2,542</u>
<i>Non-current assets</i>		
Loans to partners	7,576	5,978
Loans to related parties (note 34)	2,124	1,718
	<u>9,700</u>	<u>7,696</u>
	<u><u>13,147</u></u>	<u><u>10,238</u></u>

Loans to partners primarily represents amounts of money which have first been borrowed on the balance sheet of various controlled entities, and then secondly on lent to partners to assist them with their purchase of equity into that entity. This results in the controlled entity having both a financial liability to the financier, and a corresponding financial asset to the partner. These loans are typically repaid over a four to eight year period. As the loans are repaid by the partners and the financial asset amortises, there is a corresponding amortisation in the financial liability. Repayment of these loans is typically from partner profit distributions.

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 16. Property, plant and equipment**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Non-current assets</i>		
Land and buildings - at cost	4,860	4,179
Less: Accumulated depreciation	(322)	(212)
	<u>4,538</u>	<u>3,967</u>
Leasehold improvements - at cost	7,654	6,635
Less: Accumulated depreciation	(3,022)	(2,653)
	<u>4,632</u>	<u>3,982</u>
Plant and equipment - at cost	7,087	5,833
Less: Accumulated depreciation	(3,425)	(2,618)
	<u>3,662</u>	<u>3,215</u>
Motor vehicles - at cost	1,236	1,122
Less: Accumulated depreciation	(637)	(453)
	<u>599</u>	<u>669</u>
	<u><u>13,431</u></u>	<u><u>11,833</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Land and buildings</b>	<b>Leasehold improvements</b>	<b>Plant and equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2022	4,061	3,748	3,283	485	11,577
Additions	-	1,203	776	426	2,405
Additions through business combinations (note 36)	-	-	152	-	152
Disposals - written down value	-	(151)	(60)	(60)	(271)
Depreciation expense	(94)	(818)	(936)	(182)	(2,030)
Balance at 30 June 2023	3,967	3,982	3,215	669	11,833
Additions	681	1,514	1,112	114	3,421
Additions through business combinations (note 36)	-	173	449	-	622
Disposals - written down value	-	(327)	(52)	-	(379)
Exchange differences and other movements	-	5	2	-	7
Depreciation expense	(110)	(715)	(1,064)	(184)	(2,073)
Balance at 30 June 2024	<u>4,538</u>	<u>4,632</u>	<u>3,662</u>	<u>599</u>	<u>13,431</u>

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 17. Right-of-use assets**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Non-current assets</i>		
Land and buildings - right-of-use assets	35,603	29,383
Less: Accumulated depreciation	<u>(11,416)</u>	<u>(8,832)</u>
	<u>24,187</u>	<u>20,551</u>
Plant and equipment - right-of-use	451	124
Less: Accumulated depreciation	<u>(248)</u>	<u>(61)</u>
	<u>203</u>	<u>63</u>
	<u>24,390</u>	<u>20,614</u>

The Group leases land and buildings for its offices under agreements of between 2 to 14 years with, in some cases, options to extend. On renewal, the terms of the leases are renegotiated. The Group also leases office and information technology equipment under agreements of between 2 to 5 years.

For other AASB 16 and lease related disclosures refer to the following:

- note 8 for details of depreciation on right-of-use assets, interest on lease liabilities and other lease payments;
- note 22 for lease liabilities and maturities of lease liabilities;
- consolidated statement of cash flow for repayment of lease liabilities.

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Land and buildings \$'000</b>	<b>Plant and equipment \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2022	15,813	95	15,908
Additions	6,480	-	6,480
Additions through business combinations (note 36)	2,160	-	2,160
Adjustments as a result of a different treatment of extension and termination options	(604)	-	(604)
Depreciation expense	<u>(3,298)</u>	<u>(32)</u>	<u>(3,330)</u>
Balance at 30 June 2023	20,551	63	20,614
Additions	4,318	183	4,501
Additions through business combinations (note 36)	3,504	-	3,504
Exchange differences	53	-	53
Adjustments as a result of a different treatment of extension and termination options	(45)	-	(45)
Depreciation expense	<u>(4,194)</u>	<u>(43)</u>	<u>(4,237)</u>
Balance at 30 June 2024	<u>24,187</u>	<u>203</u>	<u>24,390</u>

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**



**Note 18. Intangible assets**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Non-current assets</i>		
Goodwill - at cost	48,104	41,239
Brand names and intellectual property - at cost	3,300	3,300
Customer relationships - at cost	47,042	32,867
Less: Accumulated amortisation	(17,535)	(12,038)
	<u>29,507</u>	<u>20,829</u>
Computer software and other intangible assets- at cost	1,949	1,094
Less: Accumulated amortisation	(1,071)	(609)
	<u>878</u>	<u>485</u>
	<u><u>81,789</u></u>	<u><u>65,853</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Goodwill</b>	<b>Brand names and intellectual property</b>	<b>Customer relationships</b>	<b>Computer Software</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2022	36,059	3,300	16,205	329	55,893
Additions	-	-	167	429	596
Additions through business combinations (note 36)	5,180	-	8,375	-	13,555
Amortisation expense	-	-	(3,918)	(273)	(4,191)
Balance at 30 June 2023	41,239	3,300	20,829	485	65,853
Additions	-	-	-	862	862
Additions through business combinations (note 36)	9,720	-	15,604	-	25,324
Disposals - written down value	-	-	(105)	(2)	(107)
Derecognised on disposal of subsidiaries and assets	(2,630)	-	(1,307)	-	(3,937)
Remeasurement of intangible assets (note 36)	(225)	-	-	-	(225)
Exchange differences	-	-	4	-	4
Amortisation expense	-	-	(5,518)	(467)	(5,985)
Balance at 30 June 2024	<u><u>48,104</u></u>	<u><u>3,300</u></u>	<u><u>29,507</u></u>	<u><u>878</u></u>	<u><u>81,789</u></u>

Brand names and intellectual property have indefinite useful lives and are not amortised.



**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 18. Intangible assets (continued)**

**Impairment testing**

In disclosing the carrying amount of goodwill allocated to each cash-generating units ('CGU'), a materially threshold of 10% of the total value of goodwill was used. Any individual CGU with a carrying amount of goodwill under the threshold is grouped in the 'Other partnerships' category. The aggregate carrying amount of goodwill allocated to each CGU is:

	<b>Goodwill \$'000</b>	<b>Brand names and intellectual property \$'000</b>	<b>Total \$'000</b>
<b>2024 - Consolidated</b>			
Kelly Partners Griffith Partnership	6,576	451	7,027
Kelly Partners Western Sydney Partnership	5,496	377	5,873
Kelly Partners South West Sydney Partnership	5,247	360	5,607
Kelly Partners (Sydney) Pty Ltd	5,232	359	5,591
Other partnerships	25,553	1,753	27,306
	<u>48,104</u>	<u>3,300</u>	<u>51,404</u>

	<b>Goodwill \$'000</b>	<b>Brand names and intellectual property \$'000</b>	<b>Total \$'000</b>
<b>2023 - Consolidated</b>			
Kelly Partners Western Sydney Partnership	5,496	440	5,936
Kelly Partners South West Sydney Partnership	5,247	420	5,667
Kelly Partners (Sydney) Pty Ltd	5,232	419	5,651
Other partnerships	25,264	2,021	27,285
	<u>41,239</u>	<u>3,300</u>	<u>44,539</u>

The recoverable amount of each CGU above is determined based on value in use calculations. These calculations use cashflow projections over a five year period, based on financial budgets approved by management. These budgets use historical growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated inflation rates over the period which are consistent with inflation rates applicable to the locations in which the CGU operates. With regard to the assessment of the CGU's, management believes that no reasonable possible change in any of the key assumptions used would cause the carrying value of the unit to materially exceed its recoverable amount.

The following assumptions were used in the calculations:

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>%</b>	<b>%</b>
Terminal growth rate	2.5%	2.5%
Discount rate	8.5%	7.7%

The discount rate is calculated using the Weighted Average Cost of Capital ('WACC') of the Group, taking into account the Group's sources of capital including listed equity, unlisted equity and bank debt.

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 19. Other assets**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Prepayments	910	1,420
Other	1,046	11
	<u>1,956</u>	<u>1,431</u>
<i>Non-current assets</i>		
Deposits	560	618
Other	70	63
	<u>630</u>	<u>681</u>
	<u><u>2,586</u></u>	<u><u>2,112</u></u>

**Note 20. Trade and other payables**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Trade payables	1,760	1,591
GST payable	2,352	1,869
Sundry payables and accrued expenses	3,050	2,600
	<u>7,162</u>	<u>6,060</u>

Refer to note 29 for further information on financial instruments.

**Note 21. Borrowings**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Bank overdrafts	4,215	11,114
Bank loans	8,828	6,976
Related party loans (note 34)	1,175	1,175
	<u>14,218</u>	<u>19,265</u>
<i>Non-current liabilities</i>		
Bank loans	34,217	25,984
	<u>48,435</u>	<u>45,249</u>

Refer to note 29 for further information on financial instruments.

*Controlled entities' facilities*

The Group has banking facilities in place with Westpac for all of its operating businesses. The facilities consist of overdraft facilities, term loans, bank guarantees and other ancillary facilities.

**Note 21. Borrowings (continued)**

Each subsidiary's debt facilities is granted security by that entity, the corporate partners of that entity, limited personal guarantees of the operating business owners, and a guarantee provided by the parent over all existing and future assets and undertakings.

Subsidiaries also have bilateral arrangements in place with Westpac and other financiers for other facilities including credit cards, equipment finance, and bank guarantees. These facilities and their securities are permitted under the Westpac arrangements.

*Parent entity facilities*

As at 30 June 2024, the parent has a \$8,000,000 amortising line of term credit, as well as approved and undrawn debt facilities totaling \$22,000,000. The debt facilities are granted security over the parent entity, as well as the guarantor group which comprises Kelly Partners Group Holdings Limited and the majority of its wholly owned subsidiaries.

The parent entity also has bilateral arrangements in place with Westpac and other financiers for ancillary facilities including credit cards, equipment finance, and bank guarantees. These facilities and their securities are permitted under the Westpac arrangements.

*Covenants*

The Group's financier has financial covenants in place, which may act to limit the total indebtedness of the Group under certain circumstances, such as if there were a significant drop in earnings. As at balance date, the Group is in compliance with its financial covenants.

*Related party loans*

Refer to note 34 for further information.

*Financing arrangements*

Unrestricted access was available at the reporting date to the following lines of credit:

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Total facilities		
Bank overdraft	15,995	16,280
Bank loans	68,404	33,920
Related party loan	1,175	1,175
	85,574	51,375
Used at the reporting date		
Bank overdraft	4,215	11,114
Bank loans	43,045	32,960
Related party loan	1,175	1,175
	48,435	45,249
Unused at the reporting date		
Bank overdraft	11,780	5,166
Bank loans	25,359	960
Related party loan	-	-
	37,139	6,126

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 22. Lease liabilities**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Lease liabilities	3,602	2,798
<i>Non-current liabilities</i>		
Lease liabilities	25,363	21,125
	<u>28,965</u>	<u>23,923</u>

Refer to note 29 for further information on financial instruments.

Contractual maturities of lease liabilities at 30 June 2024 and 30 June 2023 is set out below:

	<b>Carrying</b>		<b>Between 1</b>	<b>Between 2</b>		<b>Remaining</b>
	<b>amount</b>	<b>1 year or less</b>	<b>and 2 years</b>	<b>and 5 years</b>	<b>Over 5 years</b>	<b>contractual</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>maturities</b>
						<b>\$'000</b>
<b>Consolidated - 2024</b>						
Lease liabilities	28,965	3,602	2,917	9,454	12,992	28,965
<b>Consolidated - 2023</b>						
Lease liabilities	23,923	2,798	2,410	7,253	11,462	23,923

**Note 23. Provisions**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Employee entitlements	4,587	4,075
<i>Non-current liabilities</i>		
Employee entitlements	741	640
	<u>5,328</u>	<u>4,715</u>

**Note 24. Contingent consideration**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Contingent consideration	1,989	4,112
<i>Non-current liabilities</i>		
Contingent consideration	4,230	2,370
	<u>6,219</u>	<u>6,482</u>

Contingent consideration relates to the fair value of the contingent component of the purchase price of the acquisitions completed in the current and prior period(s).

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 24. Contingent consideration (continued)**

Contingent consideration is classified as Level 3 in the fair value hierarchy and has been estimated using a present value approach. The contingent consideration fair value is estimated by discounting the future cash outflows by the discount rate disclosed in note 18. The discount rate is calculated using the WACC of the Group.

A reconciliation of the movement in contingent consideration for the financial year is set out below:

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	6,482	5,427
Additions	-	2
Additions through business combination (note 36)	3,973	2,427
Change in fair value of contingent consideration	(1,706)	(1,859)
Disposal of subsidiaries	(87)	-
Settled in cash	(2,977)	(84)
Fair value movement - unwinding of interest	534	569
	<u>6,219</u>	<u>6,482</u>

Change in fair value of contingent consideration relates to acquisition completed where the vendor had not achieved the required targets for the payments of the contingent consideration in full, as well as changes from finalising the fair value of business combinations completed in the prior reporting period as disclosed in note 36.

**Note 25. Other financial liabilities**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Loans from partners	74	71
Loans from others	925	1,428
	<u>999</u>	<u>1,499</u>
<i>Non-current liabilities</i>		
Loans from partners	1,017	1,048
Loans from others	338	942
	<u>1,355</u>	<u>1,990</u>
	<u>2,354</u>	<u>3,489</u>

'Loans from others' primarily relates to working capital loans provided by vendors to Kelly Partners' operating businesses as per the terms of the acquisitions. These loans are typically repaid at the same time as the payment of the contingent consideration.

Refer to note 15 for details on loans to and from partners.

**Note 26. Issued capital**

	<b>Consolidated</b>			
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>45,000,000</u>	<u>45,000,000</u>	<u>13,470</u>	<u>13,470</u>

**Note 26. Issued capital (continued)**

*Ordinary shares*

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

*Share buy-back*

No shares were bought back in the current year.

*Capital risk management*

Management controls the capital of the Group in order to maintain acceptable debt to equity and debt to EBITDA ratios, provide the shareholders and partners with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's capital includes ordinary share capital and financial liabilities.

There are no externally imposed capital requirements other than the financial covenants outlined in note 21.

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

There have been no changes to the strategy adopted by management to manage the capital of the Group since the prior year.

**Note 27. Reserve**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign currency reserve	<u>(44)</u>	<u>(30)</u>

*Foreign currency reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

*Movements in reserve*

Movements in reserve during the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Foreign currency \$'000</b>
Balance at 1 July 2022	2
Foreign currency translation	(30)
Less: share of non-controlling interest	<u>(2)</u>
Balance at 30 June 2023	(30)
Foreign currency translation	(54)
Less: share of non-controlling interest	<u>40</u>
Balance at 30 June 2024	<u><u>(44)</u></u>

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 28. Dividends**

Dividends paid during the financial year were as follows:

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>During the year ended 30 June 2024:</i>		
<i>For the year ended 30 June 2024:</i>		
First interim dividend of \$0.00439 per ordinary share, paid on 31 July 2023	197	-
Second interim dividend of \$0.00439 per ordinary share, paid on 31 August 2023	197	-
Third interim dividend of \$0.00439 per ordinary share, paid on 29 September 2023	197	-
Fourth interim dividend of \$0.00439 per ordinary share, paid on 31 October 2023	197	-
Fifth interim dividend of \$0.00439 per ordinary share, paid on 30 November 2023	197	-
Sixth interim dividend of \$0.00439 per ordinary share, paid on 29 December 2023	197	-
Seventh interim dividend of \$0.003439 per ordinary share, paid on 31 January 2024	197	-
Eighth final dividend of \$0.00439 per ordinary share, paid on 29 February 2024	197	-
	<u>1,576</u>	<u>-</u>
<i>During the year ended 30 June 2023:</i>		
<i>For the year ended 30 June 2023:</i>		
First interim dividend of \$0.00399 per ordinary share, paid on 29 July 2022	-	180
Second interim dividend of \$0.00399 per ordinary share, paid on 31 August 2022	-	180
Third interim dividend of \$0.00399 per ordinary share, paid on 30 September 2022	-	180
Fourth interim dividend of \$0.00399 per ordinary share, paid on 31 October 2022	-	180
Fifth interim dividend of \$0.00399 per ordinary share, paid on 30 November 2022	-	180
Sixth interim dividend of \$0.00399 per ordinary share, paid on 30 December 2022	-	180
Seventh interim dividend of \$0.00399 per ordinary share, paid on 31 January 2023	-	180
Eighth interim dividend of \$0.00399 per ordinary share, paid on 28 February 2023	-	180
Ninth interim dividend of \$0.00399 per ordinary share, paid on 31 March 2023	-	180
Tenth interim dividend of \$0.00399 per ordinary share, paid on 28 April 2023	-	180
Eleventh interim dividend of \$0.00399 per ordinary share, paid on 31 May 2023	-	180
Twelfth interim dividend of \$0.00399 per ordinary share, paid on 30 June 2023	-	180
	<u>-</u>	<u>2,160</u>
<i>For the year ended 30 June 2022:</i>		
Final dividend of \$0.0139 per ordinary share, paid on 5 August 2022	-	626
Final dividend of \$ 0.0011 per ordinary share, paid on 31 August 2022	-	50
Special dividend of \$0.0116 per ordinary share, paid on 31 August 2022	-	522
Special dividend of \$0.0116 per ordinary share, paid on 30 September 2022	-	522
	<u>-</u>	<u>1,720</u>
<b>Total</b>	<u>1,576</u>	<u>3,880</u>

On 5 February 2024 the Company announced that it will cease the payment of dividends and no dividends have been paid since February 2024.

*Franking credits*

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Franking credits available for subsequent financial years	<u>5,878</u>	<u>3,884</u>

Franking credit is a type of tax credit that enables a company to pass through to shareholders the corporate taxes it paid to mitigate double taxation.

## Note 28. Dividends (continued)

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

## Note 29. Financial instruments

### Financial risk management objectives

The Group is exposed to a variety of financial risks through its use of financial instruments: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Group does not use derivative financial instruments or speculate in financial assets.

Risk management is carried out by senior management under policies approved by the Board of Directors ('the Board'). The policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Management identifies and evaluates financial risks within the Group's businesses and reports to the Board on a regular basis.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries, and leases.

### Market risk

#### Price risk

The Group is not exposed to any significant market risk in relation to the prices it charges for the provision of professional services.

#### Interest rate risk

The Group is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at floating rates expose the Group to fair value interest rate risk.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At the reporting date, the Group is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

The following table illustrates the sensitivity on the net result for the year and equity to a reasonably possible change in interest rates of 1% and -1% (2023: +1% and -1%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	Weighted average interest rate %	2024		2023		
		+1% \$'000	-1% \$'000	+1% \$'000	-1% \$'000	
<b>Borrowings</b>						
Bank overdrafts	10.74%	(42)	42	8.22%	(111)	111
Bank loans	8.04%	(430)	430	7.56%	(330)	330

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.



**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 29. Financial instruments (continued)**

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan and no active enforcement activity.

**Liquidity risk**

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group maintains cash and available facilities to meet its liquidity requirements for up to a minimum 30-day period.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-by-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day periods are identified monthly.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The Group's financial liabilities have contractual maturities which are summarised below:

<b>Consolidated - 2024</b>	<b>Weighted average interest rate %</b>	<b>1 year or less \$'000</b>	<b>Between 1 and 2 years \$'000</b>	<b>Between 2 and 5 years \$'000</b>	<b>Over 5 years \$'000</b>	<b>Remaining contractual maturities \$'000</b>
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	1,760	-	-	-	1,760
Other payables	-	5,402	-	-	-	5,402
Contingent consideration	-	1,989	3,688	542	-	6,219
<i>Interest-bearing</i>						
Bank overdraft	10.74%	4,215	-	-	-	4,215
Bank loans*	8.04%	8,828	10,404	16,669	7,144	43,045
Related party loans	10.50%	1,175	-	-	-	1,175
Lease liabilities	6.07%	3,602	2,917	9,454	12,992	28,965
<b>Total non-derivatives</b>		<b>26,971</b>	<b>17,009</b>	<b>26,665</b>	<b>20,136</b>	<b>90,781</b>

Lease liabilities of \$3,602,000 includes \$1,868,000 payable within 6 months.

\* As at 30 June 2024, bank loans of \$8,828,000 represents the current portion of long term debt which is being repaid under scheduled amortisation repayments, and is not expected to be refinanced or face refinance risk.

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**



**Note 29. Financial instruments (continued)**

<b>Consolidated - 2023</b>	<b>Weighted average interest rate %</b>	<b>1 year or less \$'000</b>	<b>Between 1 and 2 years \$'000</b>	<b>Between 2 and 5 years \$'000</b>	<b>Over 5 years \$'000</b>	<b>Remaining contractual maturities \$'000</b>
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	1,591	-	-	-	1,591
Other payables	-	4,469	-	-	-	4,469
Contingent consideration	-	4,112	2,370	-	-	6,482
<i>Interest-bearing</i>						
Bank overdrafts	8.22%	11,114	-	-	-	11,114
Bank loans*	7.56%	6,976	6,881	16,084	3,018	32,959
Other loans	9.50%	1,175	-	-	-	1,175
Lease liabilities	5.29%	2,798	2,410	7,253	11,462	23,923
Total non-derivatives		<u>32,235</u>	<u>11,661</u>	<u>23,337</u>	<u>14,480</u>	<u>81,713</u>

Lease liabilities of \$2,798,000 includes \$1,371,300 payable within 6 months.

\* As at 30 June 2023, bank loans of \$6,976,000 represents the current portion of long term debt which is being repaid under scheduled amortisation repayments, and is not expected to be refinanced or face refinance risk.

**Fair value of financial instruments**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying value less impairment provision of trade and other receivables and of trade and other payables is a reasonable approximation of their fair values due to the short-term nature of these balances.

**Note 30. Key management personnel disclosures**

*Compensation*

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

	<b>Consolidated 2024 \$</b>	<b>2023 \$</b>
Short-term employee benefits	1,395,346	1,023,676
Post-employment benefits	30,497	36,124
	<u>1,425,843</u>	<u>1,059,800</u>

*Other key management personnel transactions*

For details of other transactions with key management personnel, refer to note 34.

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 31. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by the auditors of the Company:

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - William Buck Accountants &amp; Advisors</i>		
Audit or review of the financial statements	97,800	92,353
<i>Other services</i>		
Audit of operating business' trust accounts	-	1,325
	<u>97,800</u>	<u>93,678</u>

**Note 32. Contingent liabilities**

Bank guarantees as at 30 June 2024 totalling \$1,412,000 (2023: \$1,239,000) have been provided in relation to the leases of various premises by the Group. These guarantees will only be payable in specific circumstances, such as failure to meet rental liabilities. In the opinion of the directors, no loss will result to the Group as a result of these guarantees.

Guarantees have been provided in relation to the banking facilities of the operating businesses by the parent entity. These guarantees will only be payable in specific circumstances, such as when the operating business is unable to meet its repayment obligations.

Contingent considerations in respect of acquisitions are carried on balance sheet and are not classified as contingent liabilities.

Except as noted above, in the opinion of the directors, the Group did not have any contingent liabilities at 30 June 2024 and 30 June 2023.

**Note 33. Commitments**

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Short-term lease commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	85
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	159	650

Capital commitments in the prior year related to the purchase of a commercial property in Leeton settled on 28 July 2023.

**Note 34. Related party transactions**

*Parent entity*  
 Kelly Partners Group Holdings Limited is the parent entity.

*Subsidiaries*  
 Interests in subsidiaries are set out in note 37.

*Key management personnel*  
 Disclosures relating to key management personnel are set out in note 30 and the remuneration report included in the directors' report.

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 34. Related party transactions (continued)**

*Transactions with related parties*

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

*Loans to/(from) related parties*

*Key management personnel*

	2024 \$	2023 \$
<i>Loans to directors:</i>		
Balance at the beginning of the year	860,681	-
- loans advanced	805,703	1,796,423
- interest on loans	51,466	31,415
- repayment of loans advanced	(671,502)	(967,157)
- exchange differences	954	-
	<u>1,047,302</u>	<u>860,681</u>
Balance at the end of the year		

On 30 October 2022, the Board of Directors approved a loan facility to Brett Kelly. The facility is secured and personally guaranteed by Brett Kelly with interest charged at commercial rates.

*Kelly Partners (Canberra) Property Trust*

	2024 \$	2023 \$
<i>Loans from related party:</i>		
Balance at the beginning of the year	(1,175,000)	(2,200,000)
- loans from	-	-
- interest on loan	(124,679)	(163,381)
- payment	124,679	1,188,381
	<u>(1,175,000)</u>	<u>(1,175,000)</u>
Balance at the end of the year		

Kelly Partners (Investment Office) Pty Ltd is the investment manager of Kelly Partners Investment Office Special Opportunities Fund #2. Kelly Partners (Canberra) Property Trust is a wholly owned subsidiary of Kelly Partners Group Holdings Limited.

On 20 December 2021, the Kelly Partners Investment Office Special Opportunities Fund #2 advanced a short term loan facility of \$2.2m to Kelly Partners (Canberra) Property Trust, to assist with the purchase of Unit 141, 39 Eastlake Parade, Kingston ACT ('the Canberra Property'). The facility is secured by a mortgage over the Canberra Property and is guaranteed by Kelly Partners Group Holdings Limited. On 11 January 2023, \$1.0 million of the loan was refinanced with a commercial bank. Interest is charged at commercial rates and the term of the related party loan was extended to 30 September 2024.

*Employee Share trust*

In FY2023 and FY2024, a number of operating businesses paid amounts to an Employee Share Trust as part of the Employee Share Scheme ('ESS'). The monies received by the Employee Share Trust were used to acquire the shares of Kelly Partners Group Holdings Limited (KPG.ASX).

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**



**Note 34. Related party transactions (continued)**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Loans to Employee Share trust:</i>		
Balance at the beginning of the year	1,717,894	898,129
- loans advanced	273,851	771,700
- interest on loan	151,356	61,204
- payment	(19,065)	(13,139)
	<u>2,124,036</u>	<u>1,717,894</u>

*Partners*

Loans (to)/from partners are set out in note 15 and note 25.

*Other loans*

Loans from others are set out in note 25.

*Direct interest in subsidiaries*

The following related parties hold a direct interest in the respective subsidiary of the Group:

<b>Related party</b>	<b>Subsidiary</b>	<b>2024</b>	<b>2023</b>
		<b>Interest held</b>	<b>Interest held</b>
Paul Kuchta	Kelly Partners East Sydney Partnership	10.20%	-
Paul Kuchta	Kelly Partners (Sydney) Pty Ltd	10.20%	10.20%
Ada Poon	Kelly Partners North Sydney Partnership	10.00%	10.00%

**Note 35. Parent entity information**

Set out below is the supplementary information about the parent entity. The following table summarises the standalone financial information of the parent entity and is before intercompany eliminations and adjustments on consolidation.

*Statement of profit or loss and other comprehensive income*

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit after income tax	<u>3,384</u>	<u>3,312</u>
Total comprehensive income	<u>3,384</u>	<u>3,312</u>

*Statement of financial position*

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Total current assets	8,537	6,566
Total non-current assets	46,379	32,672
Total assets	<u>54,916</u>	<u>39,238</u>
Total current liabilities	9,542	3,516
Total non-current liabilities	20,689	13,004
Total liabilities	<u>30,231</u>	<u>16,520</u>
Net assets	<u>24,685</u>	<u>22,718</u>

### Note 35. Parent entity information (continued)

#### *Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

Each subsidiary's debt facilities are granted security by that entity, the corporate partners of that entity, limited personal guarantees of the operating business owners, and a guarantee provided by the parent over all existing and future assets and undertakings.

#### *Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

#### *Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

#### *Material accounting policy information*

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

### Note 36. Business combinations

#### *Acquisitions during year ended 30 June 2024*

Kelly Partners acquired 50.1% - 51.0% of the equity interest from the following accounting and HR businesses:

<b>Entity</b>	<b>Location of business acquired</b>	<b>Date of acquisition</b>
Kelly Partners Griffith	Griffith, NSW, AU	03/07/2023
Kelly Partners HR & Payroll Services (Riverina)	Griffith, NSW, AU	03/07/2023
Kelly Partners Bundall	Gold Coast, QLD, AU	15/08/2023
Kelly Partners Woodland Hills	Los Angeles, CA, USA	01/12/2023
Kelly Partners Burbank	Los Angeles, CA, USA	02/01/2024
Kelly Partners Bendigo	Bendigo, VIC, AU	15/01/2024
Kelly Partners Brookvale	Brookvale, NSW, AU	02/02/2024
Kelly Partners Lower North Shore	Sydney, NSW, AU	04/03/2024

The goodwill is attributable to synergies expected to be achieved from integrating the business in to the Kelly Partners system. The goodwill recognised is not deductible for tax purposes.

Contingent consideration is based on the acquired business achieving the target revenue post completion.

The fair value of the contingent consideration represents the Group's estimate of the probable cash outflows discounted using a discount rate of 7.7%.

The NCI is valued based on a proportion of net assets.

The acquired businesses contributed revenues of \$18,432,000 and a net profit before tax and amortisation of \$4,913,000 to the Group for the period from the date businesses were acquired to the period ended 30 June 2024. Note the revenue and loss figures disclosed here may be part year and include implementation and restructuring costs that may be one off and non-recurring in nature.

\$1,240,000 (FY23: \$659,000) in legal costs and one-off implementation costs relating to the six acquisitions completed this year. \$807,000 of this non-recurring cost relates to the two US acquisitions and the setting up of the Texas partnership platform. This included a redocumentation and Americanising of the Group's legal agreements, such as the Partnership Agreement and Acquisition Agreement, and several other sub deeds.

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 36. Business combinations (continued)**

Details of the acquisition are as follows:

	<b>Fair value \$'000</b>
Trade receivables and accrued income	3,294
Plant and equipment	622
Right-of-use assets	3,504
Customer relationships	15,604
Other assets	22
Deferred tax liabilities	(2,377)
Employee benefits	(929)
Lease liability	(3,728)
Other liabilities	(718)
	<hr/>
Net assets acquired	15,294
Goodwill	9,720
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>25,014</u>
Representing:	
Cash paid or payable to vendor	8,850
Equity contribution from NCI	12,191
Contingent consideration	3,973
	<hr/>
	<u>25,014</u>

**Acquisitions during year ended 30 June 2023**

**Kelly Partners Hunter Region**

On 1 July 2022, Kelly Partners Group Holdings Limited acquired an accounting business in Hunter Region, NSW, which has operated through Kelly Partners Hunter Region Partnership post completion.

The goodwill is attributable to synergies expected to be achieved from integrating the business in to the Kelly Partners system. The goodwill recognised is not deductible for tax purposes.

Contingent consideration is based on the acquired business achieving the target revenue post completion.

The fair value of the contingent consideration represents the Group's estimate of the probable cash outflows discounted using a discount rate of 8.1%.

The NCI is valued based on a proportion of net assets.

The acquired business contributed revenues of \$4,803,000 and a net profit before tax and amortisation of \$982,000 to the Group for the period from 1 July 2022 to 30 June 2023. Note the revenue and profit figures disclosed here may be part year and include implementation and restructuring costs that may be one off and non-recurring in nature.

**Note 36. Business combinations (continued)**

Details of the acquisition are as follows:

	<b>Fair value \$'000</b>
Trade receivables	528
Loans receivable	716
Customer relationships	2,439
Plant and equipment	150
Right-of-use assets	1,936
Other assets	108
Trade & Other payables	(220)
Borrowings	(417)
Deferred tax liability	(632)
Employee benefits	(374)
Lease liability	(2,186)
Other liabilities	(134)
	<hr/>
Net assets acquired	1,914
Goodwill	1,666
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>3,580</u>
Representing:	
Cash paid or payable to vendor	1,926
Contingent consideration	442
Equity contribution from NCI	1,212
	<hr/>
	<u>3,580</u>

***Kelly Partners Maitland***

On 4 October 2022, Kelly Partners (Maitland) Pty Ltd acquired an accounting business in Maitland, NSW.

The goodwill is attributable to synergies expected to be achieved from integrating the business in to the Kelly Partners system. The goodwill recognised is not deductible for tax purposes.

Contingent consideration is based on the acquired business achieving the target revenue post completion.

The fair value of the contingent consideration represents the Group's estimate of the probable cash outflows discounted using a discount rate of 8.1%.

The NCI is valued based on a proportion of net assets.

The acquired business contributed revenues of \$1,900,000 and a net profit before tax and amortisation of \$641,000 to the Group for the period from 4 October 2022 to 30 June 2023. Note the revenue and profit figures disclosed here may be part year and include implementation and restructuring costs that may be one off and non-recurring in nature.



**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 36. Business combinations (continued)**

Details of the acquisition are as follows:

	<b>Fair value \$'000</b>
Customer relationships	1,563
Deferred tax liability	(221)
Employee benefits	(96)
	<hr/>
Net assets acquired	1,246
Goodwill	835
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>2,081</u>
Representing:	
Cash paid or payable to vendor	680
Contingent consideration	287
Equity contribution from NCI	1,114
	<hr/>
	<u>2,081</u>

**Other business combinations during the year ended 30 June 2023**

*Details of accounting businesses acquired*

<b>Entity</b>	<b>Location of business acquired</b>	<b>Date of acquisition</b>
Kelly Partners Leeton	Leeton, NSW	01/09/2022
Kelly Partners Palm Beach	Palm Beach, QLD	08/09/2022
Kelly Partners Melbourne	Melbourne, VIC	08/11/2022
Kelly Partners South West Brisbane	South West Brisbane, QLD	05/12/2022
Kelly Partners Brisbane	Brisbane, QLD	03/04/2023
Kelly Partners East Sydney	Sydney, NSW	03/04/2023

The goodwill is attributable to synergies expected to be achieved from integrating the businesses in to the Kelly Partners system. The goodwill recognised is not deductible for tax purposes.

Contingent consideration is based on the acquired businesses achieving the target revenue post completion.

The fair value of the contingent consideration represents the Group's estimate of the probable cash outflows discounted using a discount rate of 8.1%.

The NCI is valued based on a proportion of net assets.

The acquired businesses contributed revenues of \$3,816,000 and a net profit before tax and amortisation of \$372,000 to the Group for the period from the date businesses were acquired to the period ended 30 June 2023. Note the revenue and loss figures disclosed here may be part year and include implementation and restructuring costs that may be one off and non-recurring in nature.

The provisionally determined fair values of other business combinations during the year ended 30 June 2023 were finalised during the year ended 30 June 2024 resulting in a decrease of \$225,000 in goodwill and a decrease of \$949,000 in contingent consideration, as follows:

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 36. Business combinations (continued)**

	<b>30 June 2024</b>	<b>30 June 2023</b>	<b>Increase/ (decrease)</b>
	<b>Fair value</b>	<b>Fair value</b>	<b>(\$'000)</b>
	<b>\$'000</b>	<b>\$'000</b>	
Trade receivables	440	440	-
Accrued Income	14	124	(110)
Plant and equipment	2	2	-
Right-of-use assets	224	224	-
Customer relationships	4,373	4,373	-
Deferred tax liabilities	(751)	(751)	-
Employee benefits	(511)	(511)	-
Lease liability	(247)	(247)	-
Other liabilities	(988)	(374)	(614)
Net asset acquired	<u>2,556</u>	<u>3,280</u>	<u>(724)</u>
Goodwill	<u>2,455</u>	<u>2,680</u>	<u>(225)</u>
Acquisition-date fair value of the total consideration transferred	<u><u>5,011</u></u>	<u><u>5,960</u></u>	<u><u>(949)</u></u>
Representing:			
Cash paid or payable to vendor*	3,395	3,395	-
Contingent consideration*	749	1,698	(949)
Equity contribution from NCI	707	707	-
Vendor working capital loan	160	160	-
Acquisition-date fair value of the total consideration transferred	<u><u>5,011</u></u>	<u><u>5,960</u></u>	<u><u>(949)</u></u>

\* Where existing partners of Kelly Partners acquired an interest in the acquired business together with Kelly Partners Group Holdings Limited, both 'Cash paid to vendor' and 'Contingent consideration' include an NCI component.

'Equity contribution from NCI' represents the equity contribution from the existing vendor where the vendor retained a share of equity interest in the acquired business.

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 37. Interests in subsidiaries**

**(a) Subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Country of incorporation	Ownership interest	
		2024 %	2023 %
A.C.N. 646 117 526 PTY LTD (formerly Austbrokers Kelly Partners Pty Ltd)	Australia	50.00%	50.00%
Addison Partners Audit & Assurance Pty Ltd	Australia	51.00%	51.00%
Addison Partners Pty Ltd	Australia	51.00%	51.00%
Addison Partners SMSF Pty Ltd	Australia	51.00%	51.00%
Austbrokers Kelly Partners Pty Ltd	Australia	50.00%	50.00%
Australian Nominees Pty Ltd	Australia	50.05%	50.05%
Better Life Accounting Pty Ltd	Australia	100.00%	100.00%
BMF Group Sydney Pty Ltd	Australia	100.00%	100.00%
Cancer Schmancer Movement Limited	Australia	100.00%	100.00%
Kelly Partners (Brookvale) Pty Ltd (formerly Mukiwa Financial Services)	Australia	50.10%	-
Kelly Partners (Burbank) LLC	California, United States	50.10%	-
Kelly Partners (Growth Consulting) Pty Ltd	Australia	100.00%	100.00%
Kelly Partners (Investment Office) 3 Pty Ltd (formerly Kelly Partners Investment Office (Locations) Pty Ltd)	Australia	100.00%	100.00%
Kelly Partners (Investment Office) Baobab Pty Ltd	Australia	51.00%	51.00%
Kelly Partners (Investment Office) Global Pty Ltd	Australia	51.00%	51.00%
Kelly Partners (Investment Office) Pty Ltd	Australia	51.00%	51.00%
Kelly Partners (Malibu) Inc. PSC	California, United States	100.00%	100.00%
Kelly Partners (San Angelo) LLC**	Texas, United States	25.10%	-
Kelly Partners (San Antonio) LLC**	Texas, United States	25.10%	-
Kelly Partners (Southport) Pty Ltd	Australia	100.00%	100.00%
Kelly Partners (Strategy Consulting) Pty Ltd	Australia	100.00%	100.00%
Kelly Partners (Sydney) Pty Ltd	Australia	50.05%	50.05%
Kelly Partners (Tax Legal) Pty Ltd	Australia	51.00%	51.00%
Kelly Partners (Woodland Hills) Services LLC	California, United States	51.00%	-
Kelly Partners Alternative Asset Management Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Ancillary Services Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Client Experiences Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Digital Technologies Pty Ltd	Australia	100.00%	-
Kelly Partners Finance (Central Coast & Hunter Region) Pty Ltd	Australia	100.00%	51.00%
Kelly Partners Global Services (India) Private Limited	India	100.00%	100.00%
Kelly Partners Group Holdings (Texas) LLC**	Texas, United States	50.10%	-
Kelly Partners Group Holdings (UK) Ltd	United Kingdom	100.00%	100.00%
Kelly Partners Group Holdings (USA) Inc	Delaware, United States	100.00%	100.00%
Kelly Partners Management Company (Texas) LLC	Texas, United States	100.00%	-
Kelly Partners Management Services (Hong Kong) Limited	Hong Kong	51.00%	51.00%
Kelly Partners Management Services Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Private Wealth Group Holdings Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Private Wealth Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Property Group Holdings Pty Ltd	Australia	100.00%	100.00%
Kelly Partners SMSF Advisory Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Strategic Alliances Pty Ltd	Australia	100.00%	100.00%
Kelly Property Group Pty Ltd	Australia	100.00%	100.00%
KP GH AI Pty Ltd	Australia	100.00%	100.00%
KP GH BD Pty Ltd	Australia	100.00%	100.00%
KP GH BM Pty Ltd (formerly KP GH BMCT Pty Ltd)	Australia	100.00%	100.00%
KP GH BR Pty Ltd	Australia	100.00%	100.00%
KP GH BU LLC	California, United States	100.00%	-
KP GH BV Pty Ltd	Australia	100.00%	-
KP GH CA Pty Ltd	Australia	100.00%	100.00%

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**



**Note 37. Interests in subsidiaries (continued)**

Name	Country of incorporation	Ownership interest	
		2024 %	2023 %
KP GH CC Pty Ltd	Australia	100.00%	100.00%
KP GH CH Pty Ltd	Australia	100.00%	-
KP GH CT Pty Ltd	Australia	100.00%	100.00%
KP GH ES Pty Ltd	Australia	100.00%	100.00%
KP GH FIN CC Pty Ltd	Australia	100.00%	100.00%
KP GH FIN Pty Ltd	Australia	100.00%	100.00%
KP GH GC Pty Ltd	Australia	100.00%	100.00%
KP GH GI Pty Ltd	Australia	100.00%	100.00%
KP GH GR Pty Ltd	Australia	100.00%	100.00%
KP GH HC GR Pty Ltd	Australia	100.00%	100.00%
KP GH HK Pty Ltd	Australia	100.00%	100.00%
KP GH HR & C Pty Ltd	Australia	100.00%	100.00%
KP GH HR Pty Ltd (formerly KP GH Care Pty Ltd)	Australia	100.00%	100.00%
KP GH IS CC Pty Ltd	Australia	100.00%	100.00%
KP GH IW Pty Ltd	Australia	100.00%	100.00%
KP GH LE Pty Ltd	Australia	100.00%	100.00%
KP GH MA Pty Ltd	Australia	100.00%	100.00%
KP GH MCBP Pty Ltd	Australia	100.00%	100.00%
KP GH MU Pty Ltd	Australia	100.00%	100.00%
KP GH NB Pty Ltd	Australia	100.00%	100.00%
KP GH NE Pty Ltd (formerly KP GH HR Pty Ltd)	Australia	100.00%	100.00%
KP GH NS Pty Ltd	Australia	100.00%	100.00%
KP GH NW Pty Ltd	Australia	100.00%	100.00%
KP GH PB Pty Ltd	Australia	100.00%	100.00%
KP GH PM Pty Ltd	Australia	100.00%	100.00%
KP GH PW Pty Ltd	Australia	100.00%	100.00%
KP GH PW MB Pty Ltd	Australia	100.00%	100.00%
KP GH SH Pty Ltd	Australia	100.00%	100.00%
KP GH SWB Pty Ltd	Australia	100.00%	100.00%
KP GH SWS Pty Ltd	Australia	100.00%	100.00%
KP GH SYD CBD Pty Ltd	Australia	100.00%	100.00%
KP GH TC Pty Ltd	Australia	100.00%	100.00%
KP GH UNS Pty Ltd	Australia	100.00%	100.00%
KP GH WH LLC	California, United States	100.00%	-
KP GH WM BD Pty Ltd	Australia	100.00%	100.00%
KP GH WM CC Pty Ltd	Australia	100.00%	100.00%
KP GH WM NB Pty Ltd	Australia	100.00%	100.00%
KP GH WM Pty Ltd	Australia	100.00%	100.00%
KP GH WO Pty Ltd	Australia	100.00%	100.00%
KP GH WS Pty Ltd	Australia	100.00%	100.00%
KPGH 2 Pty Ltd	Australia	100.00%	100.00%
KPGH Pty Ltd	Australia	100.00%	100.00%
KPGH1 Pty Ltd	Australia	100.00%	100.00%
KPIO Pty Ltd	Australia	75.50%	75.50%
Super Certain Pty Ltd	Australia	50.50%	50.50%
Kelly Partners (Canberra) Property Trust	Australia	100.00%	100.00%
Kelly Partners (Central Coast) Property Trust	Australia	51.00%	51.00%
Kelly Partners (Central Tablelands) Property Trust	Australia	100.00%	100.00%
Kelly Partners (Oran Park) Trust (formerly known as Kelly Partners (South West Sydney Trust)	Australia	100.00%	100.00%

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 37. Interests in subsidiaries (continued)**

Name	Country of incorporation	Ownership interest	
		2024 %	2023 %
Kelly Partners Property Fund	Australia	100.00%	100.00%
Kelly Partners Services Trust	Australia	100.00%	100.00%
Kelly Partners (Sydney) Audit Partnership	Australia	99.97%	99.97%
Kelly Partners (Western Sydney) Partnership	Australia	50.01%	50.01%
Kelly Partners Bendigo Partnership	Australia	50.01%	50.01%
Kelly Partners Blue Mountains Partnership	Australia	100.00%	100.00%
Kelly Partners Brisbane CBD Partnership	Australia	50.10%	50.10%
Kelly Partners Brisbane Partnership	Australia	50.10%	-
Kelly Partners Bundall Partnership (formerly Kelly Partners Gold Coast Partnership)	Australia	50.10%	50.10%
Kelly Partners Central Coast Partnership	Australia	50.10%	50.10%
Kelly Partners Central Tablelands Partnership	Australia	100.00%	68.00%
Kelly Partners Chatswood Partnership	Australia	50.10%	-
Kelly Partners Corporate Advisory Partnership	Australia	51.00%	51.00%
Kelly Partners East Sydney Partnership	Australia	50.05%	50.05%
Kelly Partners Finance Partnership	Australia	51.00%	51.00%
Kelly Partners General Insurance Partnership	Australia	99.99%	99.99%
Kelly Partners Griffith Partnership	Australia	50.10%	50.10%
Kelly Partners HR & Consulting Partnership	Australia	51.00%	51.00%
Kelly Partners HR Consulting & Payroll Services Riverina Partnership	Australia	50.10%	50.10%
Kelly Partners Hunter Region Partnership	Australia	51.00%	51.00%
Kelly Partners Inner West Partnership	Australia	51.00%	51.00%
Kelly Partners Leeton Partnership	Australia	50.01%	50.01%
Kelly Partners Life Insurance Services (Central Coast & Hunter Region) Pty Ltd*	Australia	-	51.00%
Kelly Partners Maitland Partnership	Australia	50.10%	50.10%
Kelly Partners Melbourne CBD Partnership	Australia	51.00%	51.00%
Kelly Partners Newcastle Partnership (formerly Kelly Partners Hunter Region Partnership)	Australia	51.00%	51.00%
Kelly Partners North Sydney Partnership	Australia	58.00%	58.00%
Kelly Partners Northern Beaches Partnership	Australia	51.00%	51.00%
Kelly Partners Norwest Partnership	Australia	50.05%	50.05%
Kelly Partners Oran Park Partnership	Australia	50.10%	50.10%
Kelly Partners Palm Beach Partnership	Australia	50.10%	50.10%
Kelly Partners Pittwater Partnership	Australia	51.00%	51.00%
Kelly Partners Private Wealth (Central Coast & Hunter Region) Pty Ltd*	Australia	-	51.00%
Kelly Partners Private Wealth Northern Beaches Partnership	Australia	76.00%	76.00%
Kelly Partners Private Wealth Sydney Partnership	Australia	51.00%	51.00%
Kelly Partners Private Wealth Wholesale Partnership	Australia	51.00%	51.00%
Kelly Partners South West Brisbane Partnership	Australia	80.00%	80.00%
Kelly Partners South West Sydney Partnership	Australia	50.50%	50.50%
Kelly Partners Southern Highlands Partnership	Australia	51.00%	51.00%
Kelly Partners Sydney CBD Partnership*	Australia	-	52.55%
Kelly Partners Tax Consulting Partnership	Australia	51.00%	51.00%
Kelly Partners Wollongong Partnership	Australia	59.64%	59.64%

\* Interest disposed in FY24.

\*\* The Group owns a majority shareholding interest in Kelly Partners Group Holdings (Texas) LLC, which in turn owns a controlling interest over Kelly Partners (San Angelo) LLC and Kelly Partners (San Antonio) LLC and therefore the Group has effective control over these entities.

The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

**Kelly Partners Group Holdings Limited**  
**Notes to the consolidated financial statements**  
**30 June 2024**

**Note 37. Interests in subsidiaries (continued)**

**(b) Subsidiaries with non-controlling interests**

The following table summarises the aggregate financial information in relation to the share of the Group's subsidiaries held by non-controlling interests. The information is before inter-company eliminations with other entities within the Group.

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	52,241	40,629
Profit attributable to non-controlling interests	10,713	7,134
Distributions to non-controlling interests	9,648	8,777
Current assets	23,673	16,354
Non-current assets	36,226	26,484
Current liabilities	(7,862)	(7,743)
Non-current liabilities	(19,448)	(17,820)
Net assets	32,589	17,275

**(c) Consequences of changes in a parent's ownership in a subsidiary that do not result in a loss of control**

There were no material changes to the parent entity's ownership in subsidiaries during the current and prior financial year.

**(d) Significant restrictions**

There are no significant restrictions on the ability of the holding company or its subsidiaries to access or use the assets and settle the liabilities of the Group.

**Note 38. Cash flow information**

*Reconciliation of profit after income tax to net cash from operating activities*

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit after income tax expense for the year	14,238	11,063
Adjustments for:		
Depreciation and amortisation	12,296	9,551
Fair value movement - unwinding of interest	535	569
Other non-cash movements	199	(1,516)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(4,427)	(2,974)
Decrease in deferred tax assets	408	384
Increase in trade and other payables	1,709	2,686
Increase/(decrease) in provision for income tax	656	(266)
Net cash from operating activities	<u>25,614</u>	<u>19,497</u>

*Non-cash investing and financing activities*

	<b>Consolidated</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Additions to the right-of-use assets	4,501	6,480
Adjustments as a result of a different treatment of extension and termination options	(45)	(604)
	<u>4,456</u>	<u>5,876</u>

**Note 38. Cash flow information (continued)**

*Changes in liabilities arising from financing activities*

<b>Consolidated</b>	<b>Bank loans \$'000</b>	<b>Lease liabilities \$'000</b>	<b>Related party loans \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2022	30,172	18,279	2,200	50,651
Net cash used in financing activities	-	(4,120)	-	(4,120)
Acquisition of leases	-	6,772	-	6,772
Proceeds from borrowings	11,592	-	-	11,592
Repayment of borrowings	(8,804)	-	-	(8,804)
Interest on loan	-	-	163	163
Repayment of loan	-	-	(1,188)	(1,188)
Changes through business combinations (note 36)	-	2,433	-	2,433
Adjustments as a result of a different treatment of extension and termination options	-	(720)	-	(720)
Interest on lease liability	-	1,279	-	1,279
<b>Balance at 30 June 2023</b>	<b>32,960</b>	<b>23,923</b>	<b>1,175</b>	<b>58,058</b>
Net cash used in financing activities	-	(5,529)	-	(5,529)
Acquisition of leases	-	4,990	-	4,990
Proceeds from borrowings	20,413	-	-	20,413
Repayment of borrowings	(10,328)	-	-	(10,328)
Effect of movements in exchange rates	-	50	-	50
Interest on loan	-	-	125	125
Repayment of loan	-	-	(125)	(125)
Changes through business combinations (note 36)	-	3,728	-	3,728
Adjustments as a result of a different treatment of extension and termination options	-	(14)	-	(14)
Interest on lease liability	-	1,817	-	1,817
<b>Balance at 30 June 2024</b>	<b>43,045</b>	<b>28,965</b>	<b>1,175</b>	<b>73,185</b>

**Note 39. Events after the reporting period**

On 12 July 2024 and 15 July 2024, the Company bought back 50,000 shares (on market) at an average share price of \$7.64. The number of shares outstanding as at the date of this report is 44,950,000.

On 16 August 2024, a subsidiary of the Company executed agreements to partner with an accounting firm located in Florida, United States through acquiring a 50.1% interest. Completion occurred on the same day. The partnership is expected to contribute approximately \$USD7.0m to \$USD8.2m (\$AUD10.8m to \$AUD12.5m) in annual revenues to the consolidated Group and approximately \$USD0.7m to \$USD0.8m (\$AUD1.08m to \$AUD1.25m) NPATA to the Company (based on achieving benchmark profitability metrics post improvements). For further details on the above partnership please refer to the latest ASX announcements.

The Group is in the process of determining fair values of the acquired assets and assumed liabilities and therefore disclosure of the fair values of the net identifiable assets and the goodwill arising from the acquisition cannot be made. This will be disclosed in the financial statements for the half year ending 31 December 2024.

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

**Kelly Partners Group Holdings Limited**  
**Consolidated entity disclosure statement**  
**As at 30 June 2024**



Kelly Partners Group Holdings Limited Consolidated entity disclosure statement as at 30 June 2024.

<b>Entity name</b>	<b>Entity type</b>	<b>Place formed or incorporated</b>	<b>% of Share capital held</b>	<b>Tax residency</b>
Kelly Partners Group Holdings Limited	Body Corporate	Australia	N/A	Australian
A.C.N. 646 117 526 PTY LTD (formerly Austbrokers Kelly Partners Pty Ltd)	Body Corporate	Australia	50.00%	Australian
Addison Partners Audit & Assurance Pty Ltd	Body Corporate	Australia	51.00%	Australian
Addison Partners Pty Ltd	Body Corporate	Australia	51.00%	Australian
Addison Partners SMSF Pty Ltd	Body Corporate	Australia	51.00%	Australian
Austbrokers Kelly Partners Pty Ltd	Body Corporate	Australia	50.00%	Australian
Australian Nominees Pty Ltd	Body Corporate	Australia	50.05%	Australian
Better Life Accounting Pty Ltd	Body Corporate	Australia	100.00%	Australian
BMF Group Sydney Pty Ltd	Body Corporate	Australia	100.00%	Australian
Cancer Schmancer Movement Limited	Body Corporate	Australia	100.00%	Australian
Kelly Partners (Brookvale) Pty Ltd (formerly Mukiwa Financial Services)	Body Corporate	Australia	50.10%	Australian
Kelly Partners (Burbank) LLC	Body Corporate	California, United States	50.10%	California, United States
Kelly Partners (Growth Consulting) Pty Ltd	Body Corporate	Australia	100.00%	Australian
Kelly Partners (Investment Office) 3 Pty Ltd (formerly Kelly Partners Investment Office (Locations) Pty Ltd)	Body Corporate	Australia	100.00%	Australian
Kelly Partners (Investment Office) Baobab Pty Ltd	Body Corporate	Australia	51.00%	Australian
Kelly Partners (Investment Office) Global Pty Ltd	Body Corporate	Australia	51.00%	Australian
Kelly Partners (Investment Office) Pty Ltd	Body Corporate	Australia	51.00%	Australian
Kelly Partners (Malibu) Inc. PSC	Body Corporate	California, United States	100.00%	California, United States
Kelly Partners (San Angelo) LLC	Body Corporate	Texas, United States	25.10%	Texas, United States
Kelly Partners (San Antonio) LLC	Body Corporate	Texas, United States	25.10%	Texas, United States
Kelly Partners (Southport) Pty Ltd	Body Corporate	Australia	100.00%	Australian
Kelly Partners (Strategy Consulting) Pty Ltd	Body Corporate	Australia	100.00%	Australian
Kelly Partners (Sydney) Pty Ltd	Body Corporate	Australia	50.05%	Australian
Kelly Partners (Tax Legal) Pty Ltd	Body Corporate	Australia	51.00%	Australian
Kelly Partners (Woodland Hills) Services LLC	Body Corporate	California, United States	51.00%	California, United States
Kelly Partners Alternative Asset Management Pty Ltd	Body Corporate	Australia	100.00%	Australian
Kelly Partners Ancillary Services Pty Ltd	Body Corporate	Australia	100.00%	Australian
Kelly Partners Client Experiences Pty Ltd	Body Corporate	Australia	100.00%	Australian
Kelly Partners Digital Technologies Pty Ltd	Body Corporate	Australia	100.00%	Australian
Kelly Partners Finance (Central Coast & Hunter Region) Pty Ltd	Body Corporate	Australia	100.00%	Australian
Kelly Partners Global Services (India) Private Limited	Body Corporate	India	100.00%	India
Kelly Partners Group Holdings (Texas) LLC	Body Corporate	Texas, United States	50.10%	Texas, United States



**Kelly Partners Group Holdings Limited**  
**Consolidated entity disclosure statement**  
**As at 30 June 2024**



Entity name	Entity type	Place formed or incorporated	% of Share capital held	Tax residency
Kelly Partners Group Holdings (UK) Ltd	Body Corporate	United Kingdom	100.00%	England & Wales, UK
Kelly Partners Group Holdings (USA) Inc	Body Corporate	Delaware, United States	100.00%	Delaware, United States
Kelly Partners Management Company (Texas) LLC	Body Corporate	Texas, United States	100.00%	Texas, United States
Kelly Partners Management Services (Hong Kong) Limited	Body Corporate	Hong Kong	51.00%	Hong Kong
Kelly Partners Management Services Pty Ltd	Body Corporate	Australia	100.00%	Australian
Kelly Partners Private Wealth Group Holdings Pty Ltd	Body Corporate	Australia	100.00%	Australian
Kelly Partners Private Wealth Pty Ltd	Body Corporate	Australia	100.00%	Australian
Kelly Partners Property Group Holdings Pty Ltd	Body Corporate	Australia	100.00%	Australian
Kelly Partners SMSF Advisory Pty Ltd	Body Corporate	Australia	100.00%	Australian
Kelly Partners Strategic Alliances Pty Ltd	Body Corporate	Australia	100.00%	Australian
Kelly Property Group Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH AI Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH BD Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH BM Pty Ltd (formerly KP GH BMCT Pty Ltd)	Body Corporate	Australia	100.00%	Australian
KP GH BR Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH BU LLC	Body Corporate	California, United States	100.00%	California, United States
KP GH BV Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH CA Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH CC Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH CH Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH CT Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH ES Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH FIN CC Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH FIN Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH GC Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH GI Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH GR Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH HC GR Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH HK Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH HR & C Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH HR Pty Ltd (formerly KP GH Care Pty Ltd)	Body Corporate	Australia	100.00%	Australian
KP GH IS CC Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH IW Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH LE Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH MA Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH MCBBD Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH MU Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH NB Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH NE Pty Ltd (formerly KP GH HR Pty Ltd)	Body Corporate	Australia	100.00%	Australian

**Kelly Partners Group Holdings Limited**  
**Consolidated entity disclosure statement**  
**As at 30 June 2024**



Entity name	Entity type	Place formed or incorporated	% of Share capital held	Tax residency
KP GH NS Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH NW Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH PB Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH PM Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH PW Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH PW MB Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH SH Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH SWB Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH SWS Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH SYD CBD Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH TC Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH UNS Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH WH LLC	Body Corporate	California, United States	100.00%	California, United States
KP GH WM BD Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH WM CC Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH WM NB Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH WM Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH WO Pty Ltd	Body Corporate	Australia	100.00%	Australian
KP GH WS Pty Ltd	Body Corporate	Australia	100.00%	Australian
KPGH 2 Pty Ltd	Body Corporate	Australia	100.00%	Australian
KPGH Pty Ltd	Body Corporate	Australia	100.00%	Australian
KPGH1 Pty Ltd	Body Corporate	Australia	100.00%	Australian
KPIO Pty Ltd	Body Corporate	Australia	75.50%	Australian
Super Certain Pty Ltd	Body Corporate	Australia	50.50%	Australian
Kelly Partners (Canberra) Property Trust	Trust	N/A	N/A	Australian
Kelly Partners (Central Coast) Property Trust	Trust	N/A	N/A	Australian
Kelly Partners (Central Tablelands) Property Trust	Trust	N/A	N/A	Australian
Kelly Partners (Oran Park) Trust (formerly Kelly Partners (South West Sydney Trust))	Trust	N/A	N/A	Australian
Kelly Partners Property Fund	Trust	N/A	N/A	Australian
Kelly Partners Services Trust	Trust	N/A	N/A	Australian
Kelly Partners (Sydney) Audit Partnership	Partnership	N/A	N/A	Australian
Kelly Partners (Western Sydney) Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Bendigo Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Blue Mountains Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Brisbane CBD Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Brisbane Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Bundall Partnership (formerly Kelly Partners Gold Coast Partnership)	Partnership	N/A	N/A	Australian
Kelly Partners Central Coast Partnership	Partnership	N/A	N/A	Australian

**Kelly Partners Group Holdings Limited**  
**Consolidated entity disclosure statement**  
**As at 30 June 2024**

<b>Entity name</b>	<b>Entity type</b>	<b>Place formed or incorporated</b>	<b>% of Share capital held</b>	<b>Tax residency</b>
Kelly Partners Central Tablelands Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Chatswood Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Corporate Advisory Partnership	Partnership	N/A	N/A	Australian
Kelly Partners East Sydney Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Finance Partnership	Partnership	N/A	N/A	Australian
Kelly Partners General Insurance Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Griffith Partnership	Partnership	N/A	N/A	Australian
Kelly Partners HR & Consulting Partnership	Partnership	N/A	N/A	Australian
Kelly Partners HR Consulting & Payroll Services Riverina Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Hunter Region Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Inner West Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Leeton Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Maitland Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Melbourne CBD Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Newcastle Partnership (formerly Kelly Partners Hunter Region Partnership)	Partnership	N/A	N/A	Australian
Kelly Partners North Sydney Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Northern Beaches Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Norwest Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Oran Park Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Palm Beach Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Pittwater Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Private Wealth Northern Beaches Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Private Wealth Sydney Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Private Wealth Wholesale Partnership	Partnership	N/A	N/A	Australian
Kelly Partners South West Brisbane Partnership	Partnership	N/A	N/A	Australian
Kelly Partners South West Sydney Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Southern Highlands Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Tax Consulting Partnership	Partnership	N/A	N/A	Australian
Kelly Partners Wollongong Partnership	Partnership	N/A	N/A	Australian

**Kelly Partners Group Holdings Limited**  
**Directors' declaration**  
**30 June 2024**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



---

Brett Kelly  
Executive Chairman and Chief Executive Officer

21 August 2024  
Sydney

## Independent auditor's report to the members of Kelly Partners Group Holdings Limited

### Report on the audit of the financial report



#### Our opinion on the financial report

In our opinion, the accompanying financial report of Kelly Partners Group Holdings Limited (the Company) and its subsidiaries (the Group) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### What was audited?

We have audited the financial report of the Group, which comprises:

- the consolidated statement of financial position as at 30 June 2024,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended,
- notes to the financial statements, including material accounting policy information,
- the consolidated entity disclosure statement, and
- the directors' declaration.

#### 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 matter

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.

### Key audit matter

#### Recovery of Goodwill and Intangible Assets Refer also to note 18

The Group has \$81.789m of intangible assets including:

- of \$48.104m
- Goodwill Brand names and intellectual property of \$3.3m
- Customer relationships of \$29.507m
- Computer software of \$878k

The Group has assessed that the customer relationships and computer software have finite useful lives and are amortising these assets over their useful lives. The other intangible assets have indefinite useful lives. AASB 136 Impairment of Assets requires that an intangible asset with an indefinite useful life be tested annually for impairment.

The recoverable amount of cash-generating units to which the goodwill and identifiable intangible assets are allocated are contingent on future cash flows and there is a risk that, if these cash flows do not meet the Group's expectations, the assets might be impaired.

These recoverable amounts, which are based on the cash-generating unit's value in use, use cash flow forecasts in which the Directors make judgements over certain key inputs, for example, but not limited to, revenue growth, discount rates applied, long term growth rates and inflation rates.

We have identified intangible assets as a key audit matter due to the judgement and assumptions applied in preparing the value in use model to satisfy the impairment test.

#### How our audit addressed the key audit matter

We have performed procedures to respond to the risk of misstatement of Goodwill and Intangible Assets, these procedures included:

- Assessing the Group's determination of finite and indefinite useful lives of intangible assets;
- Evaluating the Group's budgeting procedures (upon which the forecasts are based);
- Assessing the principles and integrity of the cash flow models;
- Consulting our own valuation specialists when considering the appropriateness of the discount rates and the long-term growth rates;
- Testing the sensitivity of the value in use calculations to variations in the underlying assumptions;
- Reviewing the historical accuracy by comparing actual results with the original forecasts; and
- Assessing the amortisation rates used for customer relationships and computer software as well as testing the corresponding charges made in the year.

We have also assessed the adequacy of the Group's disclosures in respect of the intangible assets.

## Other information

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 2024, 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* (other than the consolidated entity disclosure statement); and
- the consolidated entity disclosure statement that is true and correct in accordance with 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; and
- the consolidated entity disclosure statement that is true and correct and is free of 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 have 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 the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report



### Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of Kelly Partners Group Holdings Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

### What was audited?

We have audited the Remuneration Report included in pages 18 to 24 of the directors' report for the year ended 30 June 2024.

## 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.

**William Buck**

Accountants & Advisors

ABN 16 021 300 521

**L. E. Tutt**

Partner

Sydney, 21 August 2024



**Kelly Partners Group Holdings Limited**  
**Shareholder information**  
**30 June 2024**



The shareholder information set out below was applicable as at 15 July 2024.

**Distribution of equitable securities**

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	763	0.80
1,001 to 5,000	401	2.17
5,001 to 10,000	76	1.28
10,001 to 100,000	138	9.56
100,001 and over	41	86.19
	<b>1,419</b>	<b>100.00</b>
Holding less than a marketable parcel	<b>41</b>	<b>-</b>

The number of shareholders holding less than a marketable parcel of ordinary shares is based on Kelly Partners Group Holdings Limited's closing share price of \$8.25 on 30 June 2024.

**Equity security holders**

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
KELLY INVESTMENTS 1 PTY LTD <KELLY FAMILY A/C 1>	20,004,224	44.45
CITICORP NOMINEES PTY LIMITED	6,347,175	14.10
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	1,896,389	4.21
KELLY INVESTMENTS 1 PTY LTD <KELLY FAMILY A/C>	1,449,000	3.22
BNP PARIBAS NOMS PTY LTD	974,454	2.17
KALUMIC PTY LTD <THE MICHELAKIS FAMILY A/C>	636,000	1.41
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	458,456	1.02
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	440,662	0.98
PACIFIC CUSTODIANS PTY LIMITED <KPG EMP SHARE PLAN TST A/C>	416,933	0.93
BULLOCK SUPERANNUATION PTY LTD <BULLOCK SUPERANNUATION A/C>	318,984	0.71
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	317,545	0.71
MR SUNDEEP KALRA + MR ANOOP KALRA + MRS SHIKHA MOHANTY <GANESH SUPER FUND A/C>	300,199	0.67
INVIA CUSTODIAN PTY LIMITED <BARYL INVESTMENT A/C>	300,000	0.67
INVIA CUSTODIAN PTY LIMITED <BARYL SUPER FUND A/C>	300,000	0.67
SANTRA SMSF PTY LTD <SANTRA SUPER A/C>	294,340	0.65
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	281,293	0.63
HAIGH FUND PTY LTD <HAIGH FUND A/C>	277,314	0.62
BULLOCK SUPERANNUATION PTY LTD <SUPER CRAIG BULLOCK A/C>	264,263	0.59
MRS SUNAINA KALRA	225,000	0.50
COLONIAL FIRST STATE INV LTD <9477380 SCOTT A/C>	218,000	0.48
	<b>35,720,231</b>	<b>79.39</b>

*Unquoted equity securities*

There are no unquoted equity securities.

**Kelly Partners Group Holdings Limited**  
**Shareholder information**  
**30 June 2024**



**Substantial holders**

Substantial holders in the Company are set out below:

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
KELLY INVESTMENTS 1 PTY LTD <KELLY FAMILY A/C 1>	21,453,224	47.67
CITICORP NOMINEES PTY LIMITED	6,347,175	14.10

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

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

There are no other classes of equity securities.

# **KELLY PARTNERS GROUP HOLDINGS LIMITED**

*Office - Level 8/32 Walker Street, North Sydney, NSW 2060*