Accent Group Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Accent Group Limited
ABN:	85 108 096 251
Reporting period:	For the year ended 30 June 2019 (52 weeks)
Previous period:	For the year ended 1 July 2018 (52 weeks)

2. Results for announcement to the market

		Percentage change %		Amount $'000
Revenue from ordinary activities	up	13.4%	to	796,263
Profit after income tax for the year	up	22.5%	to	53,886
Profit for the year attributable to the owners of Accent Group Limited	up	22.5%	to	53,869

Dividends

	Amount per security Cents	Franked amount per security Cents
2018 Final Dividend	3.75	3.75
2019 Interim Dividend	4.50	4.50
2019 Final Dividend	3.75	3.75

Dividend payment date:	
- 2018 Final dividend	27 September 2018
- 2019 Interim dividend	21 March 2019
- 2019 Final dividend	26 September 2019

3. Net tangible assets per security

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	9.32	8.46

4. Other information

This report is based on the consolidated financial statements which have been audited by Deloitte.

For a brief explanation of the figures above please refer to the announcement on the results for the year ended 30 June 2019 and the notes to the financial statements.

Accent Group Limited

ABN 85 108 096 251

Annual Report - 30 June 2019

Dear fellow Shareholders

We are delighted to report that Accent Group has had another record year of trading and profit growth, delivering net profit after tax of $53.9 million, an increase of 22.5% over the prior year.

Your Board has declared a final fully franked dividend of 3.75 cents per share, which brings the total dividends declared during the year to 8.25 cents per share. This is an increase of 22.2% on the prior year and represents an 82% payout ratio for the year.

Financials[1] ($ millions)	**FY19 Full-year**	**FY18 Full-year**	
Total Sales (incl. TAF)[2]	935.3	860.8	**Up 8.7%**
Accent Group Sales (company owned)	772.5	675.6	**Up 14.3%**
Gross Profit %	56.1%	54.8%	**+130bp**
EBITDA	108.9	88.8	**Up 22.5%**
EBIT	80.6	64.7	**Up 24.6%**
NPAT	53.9	44.0	**Up 22.5%**
EPS (cents per share)	10.02	8.23	**Up 21.7%**
Dividends (cents per share)	8.25	6.75	**Up 22.2%**

We take a long-term view on growing shareholder value. It continues to be a great testament to the strength and quality of the Accent Group team that we have been able to consistently deliver excellent results. Over the last 10 years, Accent Group has delivered a compound annual growth in earnings per share of 14.4% per annum.

The Group continues to deliver against its growth plan objectives with a focus on innovation driving investment in digital capability, store environment, store formats and new business development that will ensure that we are well positioned to continue to deliver a world class customer experience and growth in shareholder value.

Overview of operations

During the year, the team at Accent Group has implemented many initiatives, both within our existing business as well as some new growth opportunities.

Our retail business continues to go from strength to strength with an uncompromising focus on the customer experience across all banners. During the year, we implemented a number of exciting new in-store customer experience elements, including shoe cleaning and monogramming/personalisation services, digital screens and permanent DJ booths in the Platypus megastores. The Athlete's Foot (**TAF**) has started the rollout of MyFIT 3D, the latest foot scanning technology that scans a customer's foot and delivers real-time product recommendations based on the best fit solution for that customer.

[1] All financials in this Chairman and Chief Executive Officer's Report, other then total sales, are presented on a statutory reported basis with no adjustments.
[2] Includes The Athlete's Foot franchise store sales.

We completed the rollout of endless aisle and same day delivery, giving our customers a market leading omnichannel experience. Customer take-up and our performance for express delivery has been ahead of expectations with most same day deliveries fulfilled in under 3 hours from purchase.

We also expanded into new market segments, with the acquisition of Subtype and the launch of The Trybe in FY19. In FY20, we will be launching a new brand, PIVOT, focused on servicing the sport and street inspired value conscious consumer through the best global brands in both the sporting goods and lifestyle market segments.

Retail

Company owned retail sales grew strongly to $656.2 million, which was 15.8% up on the prior year. This was driven by digital sales nearly doubling, new store rollouts and an increase in like for like retail sales of 2.3% over the prior year.

We opened 54 new stores and closed 21 stores during the year and now have a total of 479 stores and online sites in the Group. The targeted investment in store concepts and business development continued with the opening of a Platypus Megastore in Pitt Street Sydney, a flagship Subtype store in Melbourne, the first Australian CAT concept store, a flagship TAF CBD store in Melbourne and 4 The Trybe stores across Melbourne and Sydney. The performance of new stores has been ahead of expectations with a strong return on investment.

In the retail banners, Skechers, Platypus, Vans, Dr. Martens, Timberland and Merrell all traded strongly during the year, with sales in TAF, Hype and Subtype in line with expectations.

TAF sales performance in both corporate and franchise stores was ahead of last year on both a total and like for like basis and digital sales increased by more than 87%. During the year, 32 stores were opened and acquired, and we now have 49 corporate TAF stores in the Group.

In FY19, total digital sales, including click-and-collect and click-and-dispatch, grew by 93%. A range of new initiatives were implemented, including new websites launched for Subtype, The Trybe and Vans NZ and the rollout of endless aisle and same day delivery.

The profitability of our digital channel continues to grow and is now equivalent to the profitability rate of stores. The integrated inventory model, enabled through click- and-collect, click-and-dispatch and endless aisle, provides customers access to our entire inventory base. This capability enables a flexible customer fulfilment model and has the added benefit of accelerating the clearance of aging and slower moving inventory, reducing the discount required to clear this stock and driving gross margin improvement.

Wholesale

Wholesale sales for the year increased by 7% to $116.3 million, with strong performances in Vans, Dr. Martens, Merrell and CAT and Stance. Skechers wholesale sales were below prior year, consistent with our expectations as we execute our strategy of growing our Skechers store network.

Wholesale gross profit margins were up on the prior year due to cleaner inventories and improved exchange rates.

Growth Plan Update

The Board and management team are excited about the year ahead, in light of the strong pipeline of growth opportunities that are in progress.

New Stores

Based on the continued strength of new store performance and the attractive deals available in the market, we plan to open more than 40 new stores in FY20 across Hype, Platypus, Skechers, Dr Martens, Cat, Merrell, TAF and Vans. Going forward, there is potential for a further 30-40 new stores across the Group in these banners over the next 2-3 years. The quality of the deals available in the market means that in many cases, the upfront landlord contributions make the new stores cashflow positive in the first month.

The Athlete's Foot corporate (owned) stores

We continue to build a strong network of TAF corporate stores with 49 corporate stores currently and we expect to have at least 65 corporate stores by the end of FY20. On average, each new/acquired TAF corporate store adds around $1.5m in sales at an EBIT margin of 13-15% (pre support costs) and we also expect EBIT margin growth over time from the acquired stores, arising from an increased mix of Accent vertical product and brands and other network efficiencies.

Retail Banner Differentiation: Hype and Platypus

The Group plans to dial up its focus on the consumer proposition in both Hype and Platypus by evolving the product assortments to best represent the target consumer segments of each of these banners.

In discussion with some of the Group's largest brand partners, including Nike and adidas, Hype will extend its focus on the sneaker obsessed teen, working with the brands to launch new innovations, more quick-to-market product and the introduction of expanded assortments. This will be supported by further investment in new emerging global brands like Veja, Golden Wolfe and Superga to service the fashion conscious consumer.

Platypus will strengthen its appeal with the street & fast fashion consumer, extending the product offering in brands including adidas, New Balance, Dr Martens, Tommy Hilfiger and Skechers. The Platypus range will also include investment in a stronger mix of global vertical brands and products along with brands breaking into new trends. The investment in street fast fashion will be supported by the emergence of an ever-growing action sports consumer, underpinned by distributed brand Vans and supported with increased focus and partnership with Nike on the SB range.

The Trybe

In October 2018, we launched The Trybe, a kids focused online site to target a new growth segment for Accent Group. Based on the success of this launch, we have now opened 4 The Trybe stores in Victoria and NSW and the performance of these stores has been well ahead of expectations. The Trybe stores incorporate innovative customer experience elements, including contemporary fitting spaces, digital screens and interactive play zones. Based on market analysis and results to date, there is an opportunity for at least 40 The Trybe stores in Australia and NZ over time and we are planning to open up to 12 stores by June 2020.

New Footwear Concept - PIVOT

Following a market segment review and extensive consultation with our global brand partners, we identified that there is a value segment of lifestyle footwear product available in international markets that is not currently available in Australia.

We have decided to respond to this demand by launching and trialling a new lifestyle footwear concept called PIVOT. The new concept will focus on servicing the sport and street inspired value conscious consumer through the best global brands in both the sporting goods and lifestyle market segments. With a focus on providing the entire family with their footwear solution, the PIVOT brand will carry a wide range of branded offerings from Nike, adidas, Puma, Converse, Skechers, Vans, CAT, New Balance and more, covering categories including lifestyle, casual, street, sport and training. The first stores and a PIVOT website are planned to open in the second half of FY20.

Vertical products

In November 2018, we launched a range of Hype, Platypus and TAF branded socks, accessories, shoe cleaners and custom laces. These product ranges have performed well ahead of expectations, demonstrating the strength and customer trust in our core retail banners. This program generated $4.5m of sales in FY19 and is expected to grow to at least $15m of sales in FY20, at gross margins over 70%.

International

We continue to monitor opportunities internationally but have not found any that meet our minimum investment criteria. The domestic expansion opportunities that we have identified are more attractive and so we expect growth initiatives in the near term to be largely domestic.

Outlook

Like for like retail sales for the first 7 weeks of this financial year are up 2.7%.

The Group is targeting profit growth in FY20, expected to be achieved through low single digit like for like store growth, continued strong digital growth, 40 new stores, 54 stores annualising from FY19 and 65 current and new TAF corporate stores. Both gross profit margin percentage and cost of doing business percentage are expected to be in line with the prior year. The underlying gross margin percentage is expected to grow as a result of increased vertical brand and product penetration and TAF margin expansion, offset by the currency impact of a lower AUD. We expect the profit impact of The Trybe and PIVOT to be broadly neutral in FY20 (inclusive of implementation costs).

The Board remains committed to returning excess cash to shareholders and to growing dividends over time. Future dividend payments will continue to align to net profit after tax, cashflow generated in the relevant period and the cash requirements of the business as we continue to invest in growth.

Community

As a business, we are incredibly proud of our continued support for a number of community organisations over the last year.

In 2018, TAF joined forces with the McGrath Foundation to launch “The Perfect Fit to Make a Difference” campaign. This initiative saw TAF stores turn pink to raise funds and awareness for the McGrath Foundation. From 28 August 2018 to the 10 September 2018, $5 from the sale of every pair of women’s running styles sold in store or online was donated to the McGrath Foundation. Over the 2-week period, we raised over $75,000 which will be used to help place McGrath Breast Care Nurses in communities across Australia. The partnership is set to continue in 2019, with the launch of the “We Give a Fit About Breasts” campaign in August.

In August, we also collaborated with Guide Dogs Australia for the ‘Pawgust’ campaign, challenging all Aussies and their dogs to walk 30 minutes a day for 30 days. This coincides with the launch of the Skechers GoWalk5 campaign across retail, wholesale, outdoor, media and digital channels.

Platypus sponsored ‘Videos for Change’, a video challenge that provides a platform for teenagers to channel their passion and creativity into effecting positive social change. It calls on high school students to create a one-minute video on a social issue they feel passionate about, with the chance to win great prizes and for the winning entry to be broadcast on the The Project on Channel Ten. Past entries have covered a range of important issues, including domestic violence, positive body-image, bullying and social inclusion. We are passionate about supporting the next generation of leaders – encouraging them to dream big, make a difference and giving them the platform to be heard.

This year we also continued our Platypus Discover Series, offering emerging talent the opportunity to win a trip of a lifetime and be mentored by their idols in the categories of Art, Dance & Music. We partnered with three incredible ambassadors to tell their stories to inspire young talent to keep going, remain focused and push the boundaries of what’s possible. The campaign reached over 14 million people and had over 1,400 entries. We will now roll into the next phase where we showcase the talent discovered through the series and celebrate the talent of today’s youth.

Conclusion

Your Board is delighted with the performance of the Company and would like to thank the Accent Group team, franchisees and suppliers for their hard work and results delivered in FY19. The increased final dividend and strong payout ratio reinforce the confidence of the Board in the performance and financial strength of the company.

The Group is well positioned for growth in FY20 and beyond, with a core focus on our customers and a strong pipeline of current and mid-term growth initiatives. Sustainable margin improvement remains a key focus, including avoiding “lazy” discount fuelled retailing, increasing vertical brand and product mix and operating efficiencies. Accent Group continues to be defined by strong cash conversion and the consistent strong returns it delivers on shareholders’ funds.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity' or 'Group') consisting of Accent Group Limited (referred to hereafter as the 'Company' or 'Accent Group') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors

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

David Gordon - Chairman
Daniel Agostinelli - Chief Executive Officer
Brett Blundy
Stephen Goddard
Michael Hapgood
Stephen Kulmar
Donna Player
Nico van der Merwe – alternate director for Brett Blundy (appointed effective 10 August 2018)

Company Secretaries

The following persons were Company Secretaries of Accent Group during the whole of the financial year and up to the date of this report, unless otherwise stated:

Matthew Durbin
Celesti Harmse

Principal activities

Accent Group is a regional leader in the retail and distribution sectors of branded performance and lifestyle footwear, with 462 stores and 17 websites across 11 different retail banners and exclusive distribution rights for 12 international brands across Australia and New Zealand.

The combined Group's brands include The Athlete's Foot ('TAF'), Platypus Shoes, Hype DC, Skechers, Merrell, CAT, Vans, Dr.Martens, Saucony, Timberland, Sperry, Palladium, Stance, Supra, Subtype and The Trybe.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	30 Jun 2019 $'000	1 Jul 2018 $'000
Final dividend for the year ended 1 July 2018 of 3.75 cents (2017: 3.00 cents) per ordinary share	20,297	16,269
Interim dividend for the year ended 30 June 2019 of 4.50 cents (2018: 3.00 cents) per ordinary share	24,356	16,269
Dividends paid to non-controlling interests	89	81
	44,742	32,619

In respect of the financial year ended 30 June 2019, the directors recommended the payment of a final fully franked dividend of 3.75 cents per share to be paid on 26 September 2019 to the registered holders of fully paid ordinary shares as at 12 September 2019.

Review of operations

Profit for the year attributable to the owners of the Group amounted to $53,869,000 (1 July 2018: $43,957,000).

The Operating and Financial Review of the Group for the financial year ended 30 June 2019 is provided in the Chairman and Chief Executive Officer's Report on page 2 and forms part of the Directors Report.

Significant changes in the state of affairs
During the year, the Group completed the acquisition of 30 TAF stores. This included the reacquisition of the New Zealand Master Franchise License, representing 6 Corporate stores, 2 Franchise Stores and 1 Online store. In addition to this, the Group acquired the Subtype business, a sneaker and fashion boutique from Zanerobe Global Holdings Pty Ltd.

Matters subsequent to the end of the financial year
Apart from the dividend declared as disclosed in note 32, no other matter or circumstance has arisen since 30 June 2019 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
All relevant future developments are outlined in the Chairman and Chief Executive Officer's Report on page 2.

Environmental regulation
The Group operates primarily within the retail and wholesale sectors and conducts its business activities with respect for the environment while continuing to meet the expectations of shareholders, customers, employees and suppliers.

During the year under review, the Directors are not aware of any particular or significant environmental issues which have been raised in relation to the Group's operations.

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors
The names and particulars of the directors of the Company during or since the end of the financial year are:

Name:	David Gordon
Title:	Non-Executive Chairman
Qualifications:	BCom, LLB
Experience and expertise:	David was a former Mergers and Acquisitions partner at Freehills and corporate advisory firm Wentworth Associates. He is also the founder of Lexicon Partners, an independent advisory and investment firm. He has over 30 years' experience advising companies, funds and high net worth individuals on complex corporate transactions. David is also Chairman of the Advisory Board of the Winning Group and Chairman and Director of a number of private companies. He has been a Non-Executive Director of Accent Group since October 2006 and was appointed Non-Executive Chairman in November 2017.
Special responsibilities:	Chairman of the Board and member of the Audit and Risk Committee and Remuneration and Nomination Committee.

Name:	Daniel Agostinelli
Title:	Chief Executive Officer
Experience and expertise:	Daniel oversees the day to day operations of Accent Group. He has over 30 years of retail experience and was formerly the CEO of Sanity Music and part owner of the Ghetto Shoes sneaker business. Daniel has been with Accent Group since 2006 and CEO of Accent Group since March 2015.
Special responsibilities:	None

Name:	Brett Blundy
Title:	Non-Executive Director
Experience and expertise:	Brett is one of Australia's best known and most successful retailers and entrepreneurs. He is the Chairman and Founder of BBRC, a private investment group with diverse global interests across retail, capital management, retail property, beef, and other innovative ventures. BBRC's Retail presence extends to over 800 stores across more than 15 countries, and its Capital Management business has offices in Sydney & New York. Brett was appointed Non-Executive Director in December 2017.
Special responsibilities:	Member of the Audit and Risk Committee.

Name:	Stephen Goddard
Title:	Non-Executive Director
Experience and expertise:	Stephen is currently a non-executive director and Chair of the Audit and Risk Committee of GWA Group Limited and a non-executive director of JB Hi-Fi Limited and Nick Scali Limited. Stephen is a former non-executive director and Chair of the Audit and Risk Committee of both Pacific Brands Limited and Surfstitch Group Limited. He was also formerly the Finance Director and Operations Director for David Jones Limited and the founding Managing Director of Officeworks. Stephen is the Chairman of the Audit and Risk Committee and has extensive retail, finance, and board experience. Stephen was appointed Non-Executive Director in November 2017.
Special responsibilities:	Chairman of the Audit and Risk Committee.

Name:	Michael Hapgood
Title:	Co-Founder and Non-Executive Director
Experience and expertise:	A founding director and shareholder of Accent Group, Michael has extensive knowledge of the processes required to effectively launch, source and manage global brands within the Australasian market. From Accent Group's inception, Michael has been intimately involved in the development of all major strategic initiatives for the business initially from 1988 as marketing director before becoming CEO in 1998 until the sale to RCG Group in May 2015. Michael then became Accent Group's Chairman until August 2016 when all ongoing executive roles were relinquished. He continues as a Non-Executive Director and shareholder of Accent Group.
Special responsibilities:	None

Name:	Stephen Kulmar
Title:	Non-Executive Director
Experience and expertise:	Stephen is the former CEO of IdeaWorks and is currently the CEO of Retail Oasis, a retail marketing consultancy business. Stephen has over 40 years' experience in advertising and has extensive experience in retail strategy, brand strategy, channel to market strategy, business re-engineering and new retail business development. Stephen sits on a number of boards as a Non-Executive Director, including Thorn Group Limited. He has been a director since August 2007.
Special responsibilities:	Chairman of the Remuneration and Nomination Committee.

Name:	Donna Player
Title:	Non-Executive Director
Experience and expertise:	Donna has over 35 years' experience in retail including senior executive positions in merchandising, planning and marketing with Big W and David Jones. Donna is currently a non-executive director of Baby Bunting Group Limited, a member of The Iconic advisory board and Merchandise Director of Camilla, Australia. Donna has a proven track record in developing and delivering retail strategy and business transformation. Donna was appointed Non-Executive Director in November 2017.
Special responsibilities:	Member of the Remuneration and Nomination Committee.

Name:	Nico van der Merwe
Title:	Alternate Director for Brett Blundy (appointed 10 August 2018)
Experience and expertise:	Nico originally joined BBRC in 1997. He has held a number of senior finance roles across BBRC and is currently the Group Chief Financial Officer. Nico has over 30 years' experience in commercial roles across the retail, real estate and cattle industry sectors. He holds a Bachelor of Accounting Science (Hons) and Bachelor of Commerce degrees and is a member of the Institute of Chartered Accountants in Australia. Nico was appointed alternate director for Brett Blundy on 10 August 2018.
Special responsibilities:	None

Information on Company Secretaries

Matthew Durbin
Matthew is Group Chief Financial Officer and joint Company Secretary. Matthew is a qualified accountant (FCPA) with 30 years' experience in retail. Prior to joining Accent Group he was the CFO and COO of The PAS Group and has also held executive roles with David Jones in strategy, financial services and merchandise planning.

Celesti Harmse
Celesti is General Counsel and joint Company Secretary with over 16 years' experience practicing law across a range of industries. Celesti started her career at Minter Ellison and, prior to joining Accent Group, she held senior legal positions in the retail, distribution and technology industries.

Meetings of directors

The following table sets out the number of directors' meetings (including meetings of Committees of directors) held during the year ended 30 June 2019 and the number of meetings attended by the members of the Board or the relevant committee. During the financial year, 8 Board Meetings, 6 Audit and Risk Committee meetings and 3 Remuneration and Nomination Committee meetings were held.

Of the 8 Board Meetings held during the financial year, there were 4 scheduled Board Meetings and a further 4 Board Meetings called at short notice to consider specific matters. All directors attended the 4 scheduled Board Meetings.

Directors have a standing invitation to attend meetings of Board Committees of which they are not members. All Directors receive copies of the agendas, minutes and papers of each Board Committee meeting.

	Full Board		*Audit and Risk Committee*		*Remuneration and Nomination Committee*	
	Attended	*Held*	*Attended*	*Held*	*Attended*	*Held*
David Gordon	8	8	6	6	3	3
Daniel Agostinelli	8	8	-	-	-	-
Brett Blundy	5	8	-*	6	-	-
Stephen Goddard	8	8	6	6	-	-
Michael Hapgood	8	8	-	-	-	-
Stephen Kulmar	8	8	-	-	3	3
Donna Player	8	8	-	-	3	3
Nico van der Merwe	-	-	6*	6	-	-

Held: represents the number of meetings held during the time the director held office.

* Audit and Risk Committee meetings were attended by Nico van der Merwe, alternate director for Brett Blundy

Remuneration report (audited)

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

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

The key management personnel of the Group consisted of the following directors of Accent Group Limited:
- David Gordon
- Daniel Agostinelli
- Brett Blundy
- Stephen Goddard
- Michael Hapgood
- Stephen Kulmar
- Donna Player
- Nico van der Merwe – alternate director for Brett Blundy (appointed effective 10 August 2018)

And the following person:
- Matthew Durbin - Chief Financial Officer

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 key management personnel

Principles used to determine the nature and amount of remuneration

Remuneration policy
Remuneration policy is determined and executed on behalf of the Board by the Remuneration and Nomination Committee ('RNC'). The RNC consists of Stephen Kulmar (Chairman), David Gordon and Donna Player, all non-executive directors. The RNC makes recommendations to the Board on matters relating to remuneration for the entities within the Group. The RNC considers recruitment, retention and termination policies and procedures, non-executive directors' remuneration, executive directors and senior management remuneration and incentive policy and awards, and contractual arrangements with senior managers and executives. More detail on the Company's remuneration policy is provided in the Corporate Governance Statement.

The Group's remuneration reviews take place within three months of the end of each financial year. Prior to these reviews, the Chief Executive Officer makes recommendations to the RNC regarding the remuneration of each of his direct reports and the overall remuneration framework for all employees. The RNC meets to discuss the remuneration of the Chief Executive Officer.

The Group's remuneration policy is designed to attract, motivate and retain high quality and high performing employees, while ensuring that the interests of employees are in line with the interests of shareholders. The Board recognises that the success of the Group hinges on the performance and abilities of its employees. Therefore, as a matter of policy, employees of the Group are remunerated on the following basis:

Base remuneration
Base remuneration is set with reference to prevailing market rates for similar positions, adjusted to account for the experience, ability and productivity of the individual employee. Base remuneration provides fixed remuneration on a total cost-to-company basis, which includes any fringe benefits to the employee as well as superannuation at 9.50% of the base remuneration up to the statutory cap. Salary packaging options are available for some employees.

Short Term Incentives (STI)
The Board believes that well designed STI plans are essential elements of remuneration as they provide tangible incentives for employees to strive for excellence. Relevant employees are eligible to earn STIs if certain pre-determined measurable financial targets are achieved. The STIs for all non-store employees are linked to base remuneration and the maximum amount that can be earned is a fixed percentage of that base remuneration. Senior Executives are eligible for bonuses of between 20% and 100% of their base remuneration, based on the same pre-determined measurable financial targets.

Senior executives have a significant proportion of their STI tied directly to the achievement of pre-determined profit targets, either for the Group as a whole or a relevant business unit or both (as the case may be) and aged inventory targets. The RNC signs off all bonuses paid to senior executives. This STI drives a contribution to the short-term performance of the Company by being tied to the annual profit targets.

Long Term Incentives (LTI)
The Company has implemented LTI under the Employee Share Scheme ('ESS') and the Performance Rights Plan ('PRP'). The purpose of these plans is to encourage employees to share in the ownership of the Company in order to promote the long-term success of the Company as a goal shared by the employees and to align employees' interest to that of shareholders.

The ESS, which was implemented during the 2013 financial year, is part of the Company's long-term retention and corporate alignment strategy. As at 30 June 2019, 2,756,670 shares issued under the ESS were outstanding.

The PRP operates under the rules approved by shareholders at the Company's 2016 Annual General Meeting, held on 25 November 2016. The Board intends for the PRP to replace the ESS. As at 30 June 2019, 24,876,154 rights issued under the plan were outstanding.

Performance rights
The objective of the PRP is to align the interests of employees of the Group with those of the shareholders and provide employees of the Group who are considered to be key to the future success of the Group with an opportunity to receive shares in order to reward and retain the services of those persons and recognise the employees of the Group for their contribution to the future success of the Group.

Eligibility and grant of performance rights
The Board may, from time to time, grant performance rights to an employee of the Group who the Board determines to be eligible to participate in the PRP. Eligibility criteria include influence over the Group's long-term growth objectives and maximising shareholder value. The performance rights granted are under the terms and conditions of the PRP and may include additional terms and conditions, including any performance conditions, as the Board determine.

Performance rights carry no dividend or voting rights.

Remuneration of non-executive directors
On an annual basis, the RNC considers the fees payable to non-executive directors. When considering the level of fees, the Committee undertakes a review of benchmark fees paid by similar organisations and may access independent advice as well as drawing on the knowledge and experience of its members. The remuneration committee makes recommendations on non-executive director fees to the Board. Non-executive directors can choose, subject to certain restrictions, the amount of their fees allotted to superannuation.

In summary, the Board believes that the remuneration policies in place align the interests of all employees with those of the Company's shareholders while at the same time enabling the Group to retain a high-quality team of executives.

Use of remuneration consultants
During the year, the Company did not engage independent consultants to provide information on remuneration matters.

Voting and comments made at the Company's 2018 Annual General Meeting ('AGM') held on 23 November 2018
At the 2018 AGM, 76.31% of the votes received supported the adoption of the remuneration report for the year ended 1 July 2018. This excludes key management personnel, representing 36.53% of the total issued capital. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
The compensation for each member of the key management personnel of the Group is set out below.

	Short-term benefits				*Post-employment benefits*	*Share-based payments*	
30 Jun 2019	*Cash salary and fees* $	*Cash bonus* $	*Other monetary* $	*Leave benefits* $	*Super-annuation* $	*Equity-settled* $	*Total* $
Non-Executive Directors:							
D Gordon **	228,311	-	-	-	21,690	-	250,001
B Blundy	100,000	-	-	-	-	-	100,000
S Goddard	98,174	-	-	-	9,327	-	107,501
M Hapgood	98,663	-	-	-	-	-	98,663
S Kulmar	98,174	-	-	-	9,327	-	107,501
D Player	100,000	-	-	-	-	-	100,000
N van der Merwe	-	-	-	-	-	-	-
Executive Directors:							
D Agostinelli *	1,063,643	1,200,000	33,057	111,357	25,000	758,201	3,191,258
Other Key Management Personnel:							
M Durbin *	459,979	397,831	-	15,021	25,000	310,396	1,208,227
	2,246,944	1,597,831	33,057	126,378	90,344	1,068,597	5,163,151

* Cash bonuses relate to the STI bonus issued on the basis of the achievement of relevant performance measures for the year ended 30 June 2019 and were approved by the Remuneration and Nomination Committee in August 2019. Share based payments represent performance rights. The fair value of performance rights is measured at grant date and progressively allocated to profit and loss over the vesting period. The amount included in remuneration above may not be indicative of the benefit (if any) that key management personnel may ultimately realise should the performance rights vest.

** The Chairman's total remuneration for the year ended 30 June 2019 relates to him being in that role for the full year (part year for the year ended 1 July 2018, appointed Non-Executive Chairman in November 2017) and does not reflect any underlying increase in remuneration.

	Short-term benefits				*Post-employment benefits*	*Share-based payments*	
1 Jul 2018	*Cash salary and fees* $	*Cash bonus* $	*Other monetary*** $	*Leave benefits* $	*Super-annuation* $	*Equity-settled* $	*Total* $
Non-Executive Directors:							
D Gordon	177,044	-	-	-	16,819	-	193,863
B Blundy	56,720	-	-	-	-	-	56,720
S Goddard	59,499	-	-	-	5,652	-	65,151
M Hapgood	96,813	-	-	-	-	-	96,813
S Kulmar	98,174	-	-	-	9,327	-	107,501
D Player	58,331	-	-	-	-	-	58,331
I Hammerschlag ***	117,349	-	-	-	-	-	117,349
C Thompson ***	83,220	-	-	-	-	-	83,220
D Gilbert ***	68,493	-	-	-	6,507	-	75,000
Executive Directors:							
D Agostinelli *	916,190	900,000	36,444	35,477	25,000	369,942	2,283,053
M Hirschowitz ***	288,472	-	702,093	24,194	18,854	-	1,033,613
H Brett ***	593,382	675,000	1,011,661	55,368	18,750	(24,479)	2,329,682
Other Key Management Personnel:							
M Durbin *	253,308	218,750	-	5,714	10,820	241,233	729,825
	2,866,995	1,793,750	1,750,198	120,753	111,729	586,696	7,230,121

* Cash bonuses relate to STI bonuses issued on the basis of the achievement of relevant performance measures for the year ended 1 July 2018 and were approved by the Remuneration and Nomination Committee in August 2018.
** Other monetary short term benefits represents payments and entitlements upon retirement from the Group.
*** Resigned during the year ended 1 July 2018.

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	*Maximum potential STI 30 Jun 2019*	*Maximum potential STI 1 Jul 2018*	*STI Cash bonus paid/payable 30 Jun 2019*	*STI Cash bonus paid/payable 1 Jul 2018*	*STI Cash bonus forfeited 30 Jun 2019*	*STI Cash bonus forfeited 1 Jul 2018*
Executive Directors:						
Daniel Agostinelli	100%	100%	100%	100%	-	-
Hilton Brett *	-	100%	-	75%	-	-
Other Key Management Personnel:						
Matthew Durbin *	75%	75%	75%	75%	-	-

* For the year ended 1 July 2018, STI cash bonus payable have been prorated based on length of employment.

STI achievement was subject to financial and non-financial performance conditions (all of which were achieved) as set out below:

- Group profit target improvement of 10%;
- Group aged inventory target of 3%; and
- Other qualitative measures as assessed by the Board. Qualitative measures are individual non-financial performance measures related to strategy implementation, leadership and behaviours consistent with the Group's values and corporate philosophy.

All bonuses are paid in the financial year following the year in which they were earned.

CEO Remuneration

In May 2018, following the transition of Daniel Agostinelli to the role of sole CEO of the Group and the associated increase in the scope and responsibilities of his role, the Board undertook a benchmark review of CEO salaries in both the listed retail and listed consumer discretionary sectors. Following this review, and in consideration of the ongoing performance of the CEO, the findings of the benchmark review and the Group's remuneration objectives to attract and retain strong CEO talent, the Board approved an increase to the CEO's base compensation to $1,200,000. This increase in base remuneration, along with the achievement of all relevant performance measures for the current financial year, including profit growth of 22.5%, resulted in the achievement of the CEO's STI at the maximum 100% of base salary. The share-based payments amount of $758,201 reflects the non-cash accounting charge for the fair value of performance rights for the 2017-2019 and the 2018-2022 PRP tranches which are progressively allocated to profit and loss over the vesting period. No tangible financial benefit is received until the relevant performance conditions of each tranche are met.

Service agreements

The remuneration and other terms of employment for key management personnel are set out in individual Company employment agreements that are not fixed term contracts.

Termination of Daniel Agostinelli is subject to 12 months' notice in writing provided by either party and termination of Matthew Durbin is subject to 6 months' notice in writing provided by either party.

Share-based compensation

Issue of shares
There were no shares issued to directors or other key management personnel as part of compensation during the year ended 30 June 2019.

Options
There were no options over ordinary shares granted to or vested in directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Performance rights
No performance rights were granted to directors or other key management personnel in this financial year.

Vesting of performance rights are subject to prescribed performance conditions. The performance conditions are as follows:

- Performance rights granted in 2017 are subject to an earnings per share ('EPS') performance condition (50%) and a total shareholder return ('TSR') performance condition (50%). The 2017 performance rights are measured over a 3-year period.

- Performance rights granted in 2018 are all subject to an EPS performance condition measured over a 5-year period. For the performance rights to vest, the Company's compound annual growth in adjusted diluted earnings per share ('ADEPS') must equal or exceed 10% p.a. over a five-year period. If the performance condition is met, 100% of the performance rights vest at the end of the five-year period. If the performance condition is not met, none of the performance rights vest unless the Board determines otherwise.

Additional information
The following tables show the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share price capitalisation at the end of the respective financial years.

The earnings of the Group for the five years to 30 June 2019 are summarised below:

	2019 *$'000*	*2018* *$'000*	*2017* *$'000*	*2016* *$'000*	*2015* *$'000*
Revenue	796,263	702,377	636,153	442,723	135,872
Net profit from continuing operations	53,886	44,000	29,352	30,183	10,549
Net profit attributable to owners of the company	53,869	43,957	29,157	29,924	10,323
Dividends	44,742	32,619	32,561	23,513	11,963

	2019	*2018*	*2017*	*2016*	*2015*
Share price at financial year end ($)	1.39	1.65	0.86	1.48	1.21
Shares on issue ('000)	541,241	541,791	542,291	490,304	436,265

The tables above show that there has been a general trend of increasing net profit from continuing operations. The share price is subject to share market volatility and is influenced by external factors.

The Board is of the opinion that these results can be attributed in part to the previously described remuneration policy and is satisfied that it has contributed to increasing shareholder wealth over the past five years.

Additional disclosures relating to key management personnel

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

	Balance at the start of the year	*Received as part of remuneration*	*Additions*	*Disposals/ other*	*Balance at the end of the year*
Ordinary shares					
David Gordon	6,599,034	-	-	(4,000,000)	2,599,034
Daniel Agostinelli	16,388,712	-	930,000	-	17,318,712
Brett Blundy	97,539,693	-	-	-	97,539,693
Stephen Goddard	50,000	-	-	-	50,000
Michael Hapgood	14,571,425	-	-	(571,425)	14,000,000
Stephen Kulmar	900,000	-	-	-	900,000
Donna Player	-	-	50,000	-	50,000
Nico van der Merwe	-	-	-	-	-
Matthew Durbin	-	-	50,000	-	50,000
	136,048,864	-	1,030,000	(4,571,425)	132,507,439

Option holding
There were no options in the Company held during the financial year by a director or other members of key management personnel of the Group, including their personally related parties.

Performance rights holding
The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	*Granted*	*Vested*	*Expired/ forfeited/ other*	*Balance at the end of the year*
Performance rights over ordinary shares					
Daniel Agostinelli	5,871,526	-	-	-	5,871,526
Matthew Durbin	3,000,000	-	-	-	3,000,000
	8,871,526	-	-	-	8,871,526

Loans to key management personnel and their related parties
The following loans were held by key management personnel at the beginning and end of the year:

	Consolidated 2019 $	*2018 $*
Loans to/(from) key management personnel:		
- Daniel Gilbert (interest at 6% per annum) *	-	(4,593,750)

* Relates to vendor finance component of Hype DC acquisition which was repaid on 13 July 2018.

Transactions with related parties
The following transactions occurred with related parties:

Placed Pty Ltd, a company associated with Brett Blundy, provided recruitment services to the Group amounting to $709,737. These services were provided on an arm's length basis.

Aventus Kotara South Pty Ltd, a company associated with Brett Blundy, is the landlord of the Skechers Kotara outlet, with lease terms at arm's length.

This concludes the remuneration report, which has been audited.

Shares under option and issued under the Employee Share Scheme and other Treasury shares
There were no unissued ordinary shares of Accent Group under option. Unvested ordinary shares of Accent Group Limited under the ESS at the date of this report are as follows:

Grant date	*Expiry date*	*Exercise price*	*Number under option*
02/10/2014	30/03/2020	$0.590	466,668
30/03/2015	30/09/2020	$0.730	73,334
27/05/2015	30/09/2020	$0.730	933,334
27/05/2015	30/09/2020	$1.010	333,333
28/08/2015	30/08/2020	$1.140	550,001
13/05/2016	28/02/2021	$1.490	400,000
			2,756,670

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights
Unissued ordinary shares of Accent Group under performance rights at the date of this report are as follows:

Grant date	*Expiry date*	*Number under rights*
11/01/2017	09/11/2019	1,076,154
03/10/2017	30/10/2022	16,700,000
27/12/2017	30/10/2022	6,700,000
20/06/2018	30/10/2022	400,000
		24,876,154

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Accent Group issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of Accent Group issued on the exercise of performance rights during the year ended 30 June 2019 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.

During the year no proceedings were brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year are outlined in note 36 to the financial statements.

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 36 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 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.

Officers of the Company who are former partners of Deloitte Touche Tohmatsu

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

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.

Auditor's independence declaration

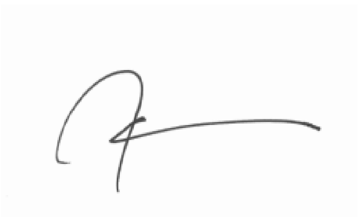
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

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



David Gordon
Chairman

22 August 2019
Melbourne

Deloitte Touche Tohmatsu
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The Board of Directors
Accent Group Limited
2/64 Balmain Street
Richmond, Victoria 3121

22 August 2019

Dear Board Members,

Auditor's Independence Declaration to Accent Group Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Accent Group Limited.

As lead audit partner for the audit of the financial report of Accent Group Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D R White

David White
Partner
Chartered Accountants

Accent Group Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 30 Jun 2019 $'000	Consolidated 1 Jul 2018 $'000
Revenue	6	796,263	702,377
Other income	7	116	2
Interest revenue		469	804
Expenses			
Cost of sales		(339,341)	(305,490)
Distribution		(27,495)	(22,107)
Marketing		(28,011)	(24,425)
Occupancy		(92,746)	(81,644)
Employee expenses		(162,192)	(145,508)
Other		(37,741)	(34,377)
Depreciation and amortisation	8	(28,268)	(24,133)
Finance costs	8	(4,034)	(4,581)
Profit before income tax expense		77,020	60,918
Income tax expense	9	(23,134)	(16,918)
Profit after income tax expense for the year		53,886	44,000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in the fair value of cash flow hedges taken to equity, net of tax		(1,408)	7,434
Foreign currency translation		(579)	(440)
Other comprehensive income for the year, net of tax		(1,987)	6,994
Total comprehensive income for the year		51,899	50,994
Profit for the year is attributable to:			
Non-controlling interest		17	43
Owners of Accent Group Limited		53,869	43,957
		53,886	44,000
Total comprehensive income for the year is attributable to:			
Non-controlling interest		17	43
Owners of Accent Group Limited		51,882	50,951
		51,899	50,994
		Cents	**Cents**
Basic earnings per share	45	10.02	8.23
Diluted earnings per share	45	9.54	8.20

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

	Note	Consolidated 30 Jun 2019 $'000	1 Jul 2018 $'000 Restated
Assets			
Current assets			
Cash and cash equivalents	10	36,698	38,772
Trade and other receivables	11	29,797	18,370
Inventories	12	131,470	98,556
Derivative financial instruments	13	3,769	4,614
Other current assets	14	2,023	1,367
Total current assets		203,757	161,679
Non-current assets			
Receivables	15	-	341
Derivative financial instruments	16	-	676
Property, plant and equipment	17	86,167	74,664
Intangibles	18	352,893	346,091
Deferred tax	19	26,782	22,310
Total non-current assets		465,842	444,082
Total assets		669,599	605,761
Liabilities			
Current liabilities			
Trade and other payables	20	99,459	74,929
Deferred revenue	21	2,628	1,999
Provisions	22	13,389	10,144
Borrowings	23	30,000	22,625
Derivative financial instruments	24	925	251
Provision for income tax		11,808	10,497
Deferred lease incentives		8,895	7,174
Total current liabilities		167,104	127,619
Non-current liabilities			
Provisions	25	2,465	64
Borrowings	26	56,125	51,000
Derivative financial instruments	27	-	184
Deferred tax	28	13,546	16,487
Deferred lease incentives		27,022	18,494
Total non-current liabilities		99,158	86,229
Total liabilities		266,262	213,848
Net assets		403,337	391,913
Equity			
Issued capital	29	388,756	386,973
Reserves	30	13,147	12,151
Retained profits/(accumulated losses)		1,434	(8,184)
Equity attributable to the owners of Accent Group Limited		403,337	390,940
Non-controlling interest	31	-	973
Total equity		403,337	391,913

Refer to note 4 for detailed information on Restatement of comparatives.

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

Accent Group Limited
Statement of changes in equity
For the year ended 30 June 2019

Consolidated	Issued capital $'000	Foreign currency translation reserve $'000	Hedging reserve - cash flow hedges $'000	Share-based payments reserve $'000	Accumu-lated losses/ Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance at 3 July 2017	385,310	3,178	(4,035)	4,065	(19,603)	1,737	370,652
Profit after income tax expense for the year	-	-	-	-	43,957	43	44,000
Other comprehensive income for the year, net of tax	-	(440)	7,434	-	-	-	6,994
Total comprehensive income for the year	-	(440)	7,434	-	43,957	43	50,994
Transactions with owners in their capacity as owners:							
Share-based payments	-	-	-	1,949	-	-	1,949
Treasury share payments	1,663	-	-	-	-	-	1,663
Non-controlling interest on disposals	-	-	-	-	-	(726)	(726)
Dividends paid (note 32)	-	-	-	-	(32,538)	(81)	(32,619)
Balance at 1 July 2018	386,973	2,738	3,399	6,014	(8,184)	973	391,913

Consolidated	Issued capital $'000	Foreign currency translation reserve $'000	Hedging reserve - cash flow hedges $'000	Share-based payments reserve $'000	Accumu-lated losses/ Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance at 2 July 2018	386,973	2,738	3,399	6,014	(8,184)	973	391,913
Profit after income tax expense for the year	-	-	-	-	53,869	17	53,886
Other comprehensive income for the year, net of tax	-	(579)	(1,408)	-	-	-	(1,987)
Total comprehensive income for the year	-	(579)	(1,408)	-	53,869	17	51,899
Transactions with owners in their capacity as owners:							
Share-based payments	-	-	-	2,983	-	-	2,983
Treasury share payments	1,783	-	-	-	-	-	1,783
Buy-back of non-controlling interest	-	-	-	-	402	(901)	(499)
Dividends paid (note 32)	-	-	-	-	(44,653)	(89)	(44,742)
Balance at 30 June 2019	388,756	2,159	1,991	8,997	1,434	-	403,337

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

	Note	Consolidated 30 Jun 2019 $'000	Consolidated 1 Jul 2018 $'000
Cash flows from operating activities			
Receipts from customers and franchisees (inclusive of GST)		865,374	782,723
Payments to suppliers and employees (inclusive of GST)		(766,944)	(689,233)
Interest received		469	804
Interest and other finance costs paid		(4,580)	(4,581)
Income taxes paid		(28,632)	(19,645)
Net cash from operating activities	44	65,687	70,068
Cash flows from investing activities			
Net acquisition of franchise stores		(11,804)	(424)
Payments for property, plant and equipment		(24,840)	(15,927)
Proceeds from disposal of property, plant and equipment		-	33
Net cash used in investing activities		(36,644)	(16,318)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs		1,783	1,663
Proceeds from borrowings		35,125	-
Repayment of loans from option recipients		-	184
Repayment of borrowings		(22,625)	(29,500)
Dividends paid		(44,742)	(32,619)
Net cash used in financing activities		(30,459)	(60,272)
Net decrease in cash and cash equivalents		(1,416)	(6,522)
Cash and cash equivalents at the beginning of the financial year		38,772	45,682
Effects of exchange rate changes on cash and cash equivalents		(658)	(388)
Cash and cash equivalents at the end of the financial year	10	36,698	38,772

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

Note 1. General information

The financial statements cover Accent Group Limited ('Company', 'parent entity' or 'Accent') as a Group consisting of Accent Group Limited and the entities it controlled at the end of, or during, the year ('Group'). The financial statements are presented in Australian dollars, which is Accent's functional and presentation currency.

Accent is a listed public company limited by shares, listed on the Australian Securities Exchange (‘ASX’), incorporated and domiciled in Australia. Its registered office and principal place of business is:

2/64 Balmain Street
Richmond VIC 3121

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 22 August 2019. The directors have the power to amend and reissue the financial statements.

Note 2. 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, where applicable, derivative financial instruments and share-based payments which have been measured at fair value at grant date.

Critical accounting estimates
The preparation of consolidated financial statements requires the Group to make estimates and judgements that affect the application of policies and reported amounts. The estimates which could cause a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next 12 months are disclosed in the following notes:
- Note 12 Current assets - inventories
- Note 18 Non-current assets - intangibles
- Note 41 Business combinations
- Note 46 Share based payments

Note 3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
In the current year, the Group has adopted all of the following new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to its operations and mandatory for the current annual reporting period.

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

Note 3. Significant accounting policies (continued)

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 'Financial Instruments'
The Group has adopted AASB 9 from 2 July 2018 which replaces AASB 139 'Financial Instruments: Recognition and Measurement'. The Group has applied the AASB 9 changes prospectively from the date of initial application. The standard introduces changes to three key areas:

- New requirements for the classification and measurement of financial instruments.
- A new impairment model based on expected credit losses for recognising provisions.
- Simplified hedge accounting through closer alignment with an entity's risk management methodology.

The Group has elected to apply the simplified approach to measuring expected credit losses, which uses the lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. On this basis, the impact of the expected loss allowance under AASB 9 against the loss incurred under AASB 139 is not considered material to the Group

The adoption of AASB 9 has not had an impact on the Groups transactions that are subject to hedge accounting. Accordingly, there has been no impact on the hedging reserve from the adoption of AASB 9.

AASB 15 'Revenue from Contracts with Customers'
The Group has adopted AASB 15 from 2 July 2018 which replaces AASB 118 'Revenue'. The standard establishes a principles-based approach for revenue recognition and is based on the concept of recognising revenue for performance obligations only when they are satisfied and the control of goods or services is transferred. In doing so, the standard applies a five-step approach to the timing of revenue recognition and applies to all contracts with customers, except those in the scope of other standards. Due to the straightforward nature of the Group's revenue streams with the recognition of revenue at the point of sale and the absence of significant judgement required in determining the timing of transfer of control, the adoption of AASB 15 has not had a material impact on the timing or nature of the Group's revenue recognition. The Group's revenue is principally generated on a 'point in time' basis. The amount of revenue recognised by the Group on an 'over time' basis is $2,051,000 and not material in the context of the Group's total revenue.

Under AASB 15 a right of return is not a separate performance obligation and the Group is required to recognise revenue net of estimated returns. A refund liability and a corresponding asset representing the right to recover products from the customer is also recognised. As at 30 June 2019, the potential refund liability is $418,380.

The Group has adopted AASB 15 using the modified transition approach and has therefore not restated the prior period comparatives for the separate recognition of the refund asset and the increase in the refund provision.

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 40.

Principles of consolidation
The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year-end is contained in note 42.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from intra-Group transactions have been eliminated. Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

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

Note 3. Significant accounting policies (continued)

Foreign currency translation

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement.

Foreign operations
The assets and liabilities of overseas subsidiaries are translated into Australian dollars at the rate as at reporting date and the income statements are translated at the average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

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

Revenue recognition
The major sources of the Group’s revenue are from sales to customers, royalties and other franchise related income and marketing levies received from TAF stores. The Group’s revenue is principally generated on a ‘point in time’ basis.

Sales to customers
Sales to customers of goods comprise sale of branded performance and lifestyle footwear to customers outside the Group less discounts, markdowns, loyalty scheme vouchers and an appropriate deduction for actual and expected returns. Sales to customers is stated net of tax. Revenue is recognised when performance obligations are satisfied and goods are delivered to the customer and the control of goods is transferred to the buyer.

Gift cards are considered a prepayment for goods to be delivered in the future. The Group has an obligation to transfer the goods in the future, creating a performance obligation. The Group recognises deferred revenue when the gift card is purchased and recognises revenue when the customer redeems the gift card and the Group fulfills the performance obligation.

Royalties and other franchise related income
Franchise royalty fee income is generally earned based upon a percentage of sales that has occurred and is recognised on an accrual basis.

Franchise establishment fees are recognised as income over the term of the Franchise Agreement. Franchise establishment fees are recognised on an over time basis.

Marketing levies
Marketing levies are recognised in the period the sales are recorded by TAF stores. Marketing levies are collected by the Group for specific use within the TAF Marketing Fund, which is operated on behalf of the TAF stores. Expenses in relation to the marketing of TAF stores are recorded within advertising and promotion expenses in profit or loss. In any given year, a deficit in the marketing fund will need to be recouped in the following year and any surplus in the marketing fund will need to be spent in the subsequent year.

Income tax

Current tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities at the tax rates and tax laws enacted or substantively enacted by the balance sheet date.

Note 3. Significant accounting policies (continued)

Deferred tax
Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities under financial reporting and taxation purposes. Deferred tax is measured at the rates that are expected to apply in the period in which the liability is settled or asset realised, based on tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit or in relation to the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and tax offsets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Tax consolidation
Accent Group 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.

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.

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.

Trade and other receivables
Trade receivables are recognised at amortised cost less allowance for expected credit losses. The average credit period is 30 to 60 days.

Note 3. Significant accounting policies (continued)

The allowance for expected credit losses was recognised under an 'incurred loss' model until 2 July 2018 and therefore it was dependent upon the existence of an impairment event. From 2 July 2018, the expected credit loss is recognised based on management's expectation of losses without regard to whether an impairment trigger happened or not.

Other receivables includes rebates receivable from suppliers which is considered fully recoverable and therefore no allowance has been made.

Inventories

Finished goods are stated at the lower of cost and net realisable value on an average costing basis. Cost comprises of the purchase price and other attributable costs incurred in bringing inventories to their present location.

Net realisable value is the estimated selling price in the ordinary course of business. Determining the net realisable value of inventories relies on key assumptions that require the use of management judgement. An inventory provision is booked for cases where the realisable value from sale of the inventory is estimated to be lower than the inventory carrying value.

Management has estimated the inventory provision based on various factors, including reviewing historical transactional data of inventory sold below cost, reviewing transactional shrinkage data over a 12 month period and analysing inventory that has not been picked or packed in over 270 days.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange risk, including foreign exchange forward contracts and interest rate swaps. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss is dependent on whether the derivative is designated as a hedging instrument and the nature of the item being hedged.

At the inception of a hedging relationship, the hedging instrument and the hedged item are documented, along with the risk management objectives and strategy for undertaking various hedge transactions and prospective effectiveness testing is performed. Prior to 2 July 2018, both prospective and retrospective tests were required to ensure the instrument remains an effective hedge of the transaction. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income with the remaining change in fair value recognised in the hedging reserve. Any ineffective portion is recognised immediately in the statement of profit and loss. If the forecast transaction that is the subject of a cash flow hedge results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in other comprehensive income are included in the initial measurement of the asset or liability.

When a cash flow hedge is discontinued, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is retained in equity until the forecast transaction occurs.

Property, plant and equipment

The carrying value of property, plant and equipment is measured as the cost of the asset, minus depreciation and impairment.

Items of property, plant and equipment are depreciated on a straight-line basis over their expected useful lives as follows:

Plant and equipment	5 to 8 years
Assets under construction	Not depreciated

Leasehold improvements are amortised over the period of the lease.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely dependent of the cash inflows from other assets or group of assets (cash generating units).

Note 3. Significant accounting policies (continued)

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.

Intangible assets
Goodwill
Goodwill acquired in a business combination is initially measured at cost. Cost is measured as the cost of the business combination minus the net fair value of the acquired and identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.

Brands and trademarks
Brands and trademarks are recognised at cost in a business combination. Brands and trademarks have indefinite useful lives and are carried at cost less any accumulated impairment loss. Brands and trademarks are tested for impairment annually and wherever there is an indication that they may be impaired. Any impairment is recognised immediately in profit or loss.

Licence fees
The TAF Licence Fee intangible asset arose on the acquisition of a 249 year royalty-free licence for the use of the TAF branding and trademarks. This intangible is being amortised on a straight line basis over the license term.

Distribution rights
Distribution rights arising on the acquisition of Accent Group are being amortised on a straight line basis over the remaining term of the respective distribution agreements. The term remaining is 2.5 years.

Reacquired rights
Reacquired rights are recognised at fair value in a business combination. Reacquired rights have arisen as part of the acquisition of a number of TAF franchisee stores. Reacquired rights are being amortised over the remaining term of the franchise agreement.

Trade and other payables
Trade payables and other creditors and accruals represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are stated at amortised cost. The amounts are unsecured and are usually settled 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.

Finance costs
Finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries and other employee benefits 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
Employee benefits 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.

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

Note 3. Significant accounting policies (continued)

Share-based payments
Equity-settled share-based 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 is measured at fair value on grant date. Fair value is independently determined using either a Monte Carlo simulation or the Black-Scholes option pricing model, as appropriate, that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with any market-based performance conditions and non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment.

The cost of equity-settled transactions is 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. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

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

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

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

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 that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

Note 3. Significant accounting policies (continued)

Dividends
Dividends are recognised when declared during the financial year.

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

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

If the initial accounting for a business contribution is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for items for which the accounting is incomplete.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Accent Group 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.

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.

Note 3. Significant accounting policies (continued)

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.

Comparative information
Comparatives have been reclassified where appropriate to ensure consistency and comparability with the current period.

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 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 16 Leases
AASB 16 ‘Leases’ is effective for periods beginning on or after 1 January 2019 and therefore will be effective in the Group financial statements in the year ended on or around 28 June 2020. The application of AASB 16 will result in almost all leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is removed. Practically, this will result in an asset (the right to use the leased item) and a corresponding liability for future lease payables. The Group has elected not to recognise right of use assets and lease liabilities for leases of low value assets and short-term leases. The Group will make use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 and Interpretation 4 will continue to apply to those leases entered or modified before 1 July 2019.

<u>Transition</u>
The Group has chosen the modified retrospective approach. Under this approach, the Group will recognise a lease asset calculated as if AASB 16 had always applied, and the liability will represent the present value of the remaining lease payments discounted using the incremental borrowing rate at date of transition. The difference between the asset and liability, adjusted for deferred tax, is recognised as an adjustment to opening retained earnings on 1 July 2019 with no restatement of comparative information. The Group has assessed the estimated impact that AASB 16 would have had on its Consolidated Statements as at 30 June 2019:

	$m
Estimated impact on the Statement of financial position	
Recognition of right of use asset	$228.8 - $252.9
Recognition of lease receivable (TAF franchisee agreements)	$27.4 - $30.3
Recognition of lease liability	($315.9) - ($349.1)
De-recognition of lease accrual / incentives	$42.0

The net effect of the lease liabilities and lease assets adjusted for deferred tax will be recognised in opening retained earnings.

	$m
<u>*Estimated impact on the Statement of profit and loss*</u>	
Increase in EBITDA	$72.3 - $79.5
Increase in EBIT	$6.9 - $9.5
Reduction in net profit before tax	($1.0) - ($3.5)

Note 3. Significant accounting policies (continued)

The application of AASB 16 will result in a shift of payments previously associated with operating leases to the financing category. Whilst there will be no impact to net cash flow, cash inflow from operations and financing activity outflows will both increase.

The impact above predominantly relates to the Group's property leases for retail premises and support offices.

The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on various factors, including the Group's borrowing rate at 1 July 2019, the composition of the Group's lease portfolio and the treatment of leases in holdover and leases with options and the new accounting policies, which are subject to change until the Group presents its first financial statements that include the date of initial application.

New Conceptual Framework for Financial Reporting
A revised Conceptual Framework for Financial Reporting has been issued by the AASB and is applicable for annual reporting periods beginning on or after 1 January 2020. This release impacts for-profit private sector entities that have public accountability that are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the Conceptual Framework. Phase 2 of the framework is yet to be released which will impact for-profit private sector entities. The application of new definition and recognition criteria as well as new guidance on measurement will result in amendments to several accounting standards. The issue of AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework, also applicable from 1 January 2020, includes such amendments. Where the Group has relied on the conceptual framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards, the Group may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

Note 4. Restatement of comparatives

Change in accounting policy
At the time of TAF's business combination, the Group did not recognise a deferred tax liability on the basis that indefinite life intangibles were considered non-depreciable and accordingly could not be calculated on the assumption of use but rather on sale.

In November 2016, The International Financial Reporting Interpretation Committee ('IFRIC') published a summary of its discussions which clarified that indefinite life assets are subject to consumption by an entity and concluded that the assumption of sale could not be presumed in calculating the deferred tax on indefinite life intangibles.

The Group has now recognised a deferred tax liability on indefinite life intangibles acquired as part of TAF's business combination. The change in accounting policy on TAF's business combination has now been applied retrospectively and results in a restatement of the consolidated Statement of Financial Position. The impact on the financial statements of prior periods is noted below.

Statement of profit or loss and other comprehensive income
When there is a restatement of comparatives, it is mandatory to provide a statement of profit or loss and other comprehensive income for the year ended 1 July 2018. However, as there were no adjustments made, the Group has elected not to show the statement of profit or loss and other comprehensive income.

Statement of financial position at the beginning of the earliest comparative period
When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 3 July 2017. However, as there were no adjustments made as at 3 July 2017, the Group has elected not to show the 3 July 2017 statement of financial position.

Note 4. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

	Consolidated		
Extract	**1 Jul 2018 $'000 Reported**	**$'000 Adjustment**	**1 Jul 2018 $'000 Restated**
Assets			
Non-current assets			
Intangibles	345,051	1,040	346,091
Total non-current assets	443,042	1,040	444,082
Total assets	604,721	1,040	605,761
Liabilities			
Non-current liabilities			
Deferred tax	15,447	1,040	16,487
Total non-current liabilities	86,482	1,040	87,522
Total liabilities	212,808	1,040	213,848
Net assets	391,913	-	391,913

Note 5. Operating segments

The Group is required to determine and present its operating segments based on the way in which financial information is organised and reported to the chief operating decision-makers (CODM's). The CODM's have been identified as the Board of Directors on the basis they make the key operating decisions of the Group and are responsible for allocating resources and assessing performance.

Key internal reports received by the CODM's, primarily the management accounts, focus on the performance of the Group as a whole. The performance of the operations is based on EBIT (earnings before interest and tax). The accounting policies adopted for internal reporting to the CODM's are consistent with those adopted in the financial statements.

The Group has considered its internal reporting framework, management and operating structure and the Directors' conclusion is that the Group has one operating segment.

Note 6. Revenue

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Sales revenue		
Sales to customers	772,466	675,571
Royalties and other franchise related income	14,364	16,269
	786,830	691,840
Other revenue		
Marketing levies received from TAF stores	7,610	7,487
Other revenue	1,823	3,050
	9,433	10,537
Revenue	796,263	702,377

Note 7. Other income

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Net foreign exchange gain	116	2

Note 8. Expenses

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	25,552	21,491
Amortisation		
Licence fee	31	31
Distribution rights	2,323	2,323
Re-acquired rights	74	-
Other intangible assets	288	288
Total amortisation	2,716	2,642
Total depreciation and amortisation	28,268	24,133
Write-off of assets		
Instride brand	-	65
Finance costs		
Interest and finance charges paid/payable	4,034	4,581
Superannuation expense		
Defined contribution superannuation expense	11,625	10,558
Share-based payments expense		
Share-based payments expense	2,983	1,949
Impairment of property, plant and equipment		
Impairment charge	1,050	-
Provision for onerous leases		
Onerous leases	1,800	-

Note 9. Income tax expense

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Income tax expense		
Current tax	29,367	23,345
Deferred tax - origination and reversal of temporary differences	(6,706)	(5,275)
Adjustment recognised for prior periods	473	(1,152)
Aggregate income tax expense	23,134	16,918
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 19)	(4,369)	(5,580)
(Decrease)/increase in deferred tax liabilities (note 28)	(2,337)	305
Deferred tax - origination and reversal of temporary differences	(6,706)	(5,275)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	77,020	60,918
Tax at the statutory tax rate of 30%	23,106	18,275
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	61	64
Share-based payments	226	585
Sundry items	(484)	(677)
	22,909	18,247
Adjustment recognised for prior periods	473	(1,152)
Difference in overseas tax rates	(248)	(177)
Income tax expense	23,134	16,918

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Amounts charged/(credited) directly to equity		
Deferred tax assets (note 19)	-	1,771
Deferred tax liabilities (note 28)	(604)	1,457
	(604)	3,228

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Capital losses	7,199	7,199
Total deferred tax assets not recognised	7,199	7,199

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 10. Current assets - cash and cash equivalents

	Consolidated	
	30 Jun 2019 $'000	1 Jul 2018 $'000
Cash on hand	206	186
Cash at bank	36,492	38,586
	36,698	38,772

Note 11. Current assets - trade and other receivables

	Consolidated	
	30 Jun 2019 $'000	1 Jul 2018 $'000
Trade receivables	27,851	18,960
Less: Allowance for expected credit losses	(584)	(1,229)
	27,267	17,731
Other receivables	2,530	639
	29,797	18,370

Refer to note 33 for further information on financial instruments.

Note 12. Current assets - inventories

	Consolidated	
	30 Jun 2019 $'000	1 Jul 2018 $'000
Finished goods held at lower of cost or net realisable value	109,921	82,634
Goods in transit	21,549	15,922
	131,470	98,556

Provision for write-down of inventories to net realisable value amounted to $5,700,000 at 30 June 2019.

Note 13. Current assets - derivative financial instruments

	Consolidated	
	30 Jun 2019 $'000	1 Jul 2018 $'000
Forward foreign exchange contracts - cash flow hedges	3,769	4,614

Refer to note 34 for further information on fair value measurement.

Note 14. Current assets - other current assets

	Consolidated	
	30 Jun 2019 $'000	1 Jul 2018 $'000
Prepayments	1,995	1,217
Other current assets	28	150
	2,023	1,367

Note 15. Non-current assets - receivables

	Consolidated	
	30 Jun 2019 $'000	1 Jul 2018 $'000
Loans to outside shareholders in TAF Partnership stores	-	341

The loans to outside shareholders in TAF Partnership stores are secured over the minority shareholders' share in the underlying TAF Partnership store entities. As at 30 June 2019, ownership interest of all TAF partnership stores is 100%. Refer to note 42 for further information.

Note 16. Non-current assets - derivative financial instruments

	Consolidated	
	30 Jun 2019 $'000	1 Jul 2018 $'000
Forward foreign exchange contracts - cash flow hedges	-	676

Refer to note 34 for further information on fair value measurement.

Note 17. Non-current assets - property, plant and equipment

	Consolidated	
	30 Jun 2019 $'000	1 Jul 2018 $'000
Plant and equipment - at cost	182,183	150,071
Less: Accumulated depreciation	(98,935)	(77,084)
	83,248	72,987
Assets under construction - at cost	2,919	1,677
	86,167	74,664

Note 17. Non-current assets - property, plant and equipment (continued)

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

Consolidated	*Plant and equipment $'000*	*Assets under construction $'000*	*Total $'000*
Balance at 3 July 2017	73,498	1,302	74,800
Additions *	21,469	1,677	23,146
Transfer	1,302	(1,302)	-
Disposals	(1,740)	-	(1,740)
Exchange differences	(51)	-	(51)
Depreciation expense	(21,491)	-	(21,491)
Balance at 1 July 2018	72,987	1,677	74,664
Additions *	35,010	2,919	37,929
Transfer	1,677	(1,677)	-
Additions through business combinations (note 41)	256	-	256
Disposals	(273)	-	(273)
Exchange differences	193	-	193
Impairment charge	(1,050)	-	(1,050)
Depreciation expense	(25,552)	-	(25,552)
Balance at 30 June 2019	83,248	2,919	86,167

* Contributions to store fit-out costs have been received from landlords and these amounts have been netted off against actual fit-out costs incurred by the Group for cash flow disclosure purposes.

Note 18. Non-current assets - intangibles

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000 Restated**
Goodwill - at cost	304,154	295,015
Brands and trademarks - at cost	44,825	44,825
Less: Accumulated impairment	(9,714)	(9,714)
	35,111	35,111
Licence fees - The Athlete's Foot - at cost	7,832	7,832
Less: Accumulated amortisation	(296)	(265)
	7,536	7,567
Distribution rights - at cost	16,800	16,800
Less: Accumulated amortisation	(11,013)	(8,690)
	5,787	8,110
Re-acquired rights	379	-
Less: Accumulated amortisation	(74)	-
	305	-
Other intangible assets - The Athlete's Foot - at cost	720	720
Less: Accumulated amortisation	(720)	(432)
	-	288
	352,893	346,091

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

Consolidated	*Goodwill $'000*	*Brands and trademarks $'000*	*Licence fees $'000*	*Distribution rights $'000*	*Re-acquired rights $'000*	*Other intangible assets $'000*	*Total $'000*
Balance at 3 July 2017	294,328	35,111	7,598	10,433	-	288	347,758
Restatement	1,040	-	-	-	-	-	1,040
Write off of assets	(65)	-	-	-	-	-	(65)
Other	(288)	-	-	-	-	288	-
Amortisation expense	-	-	(31)	(2,323)	-	(288)	(2,642)
Balance at 1 July 2018	295,015	35,111	7,567	8,110	-	288	346,091
Additions through business combinations (note 41)	9,139	-	-	-	379	-	9,518
Amortisation expense	-	-	(31)	(2,323)	(74)	(288)	(2,716)
Balance at 30 June 2019	304,154	35,111	7,536	5,787	305	-	352,893

Recognition and measurement
Goodwill represents the excess of the cost of an acquisition over the fair value of the Company’s share of the net identifiable assets acquired at the date of acquisition.

Note 18. Non-current assets - intangibles (continued)

Brands and trademarks are assessed as having indefinite useful lives. This assessment reflects management's intention to continue to utilise these intangible assets in the foreseeable future. Each period, the useful life of these assets is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the assets.

Impairment testing of goodwill
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.

Management conduct impairment tests annually (or more frequently if impairment indicators exist) to assess the recoverability of the carrying value of goodwill and indefinite useful life intangible assets.

The impairment test at 30 June 2019 was carried out based on value in use calculations. The recoverable amount was determined using estimated cash flows that were based on the Groups five-year strategic plan which was presented to the Board of Directors on 16 May 2019. The strategic plan included calculations and assumptions on sales growth, gross margin and cost of doing business ('CODB'). The assumptions were based on past experience and the Company's forecast operating and financial performance taking into account current market and economic conditions, risks, uncertainties and opportunities for improvement for the Group's one operating segment. The cash flows beyond the five-year period have been extrapolated using a steady state 3.0% long term growth rate (2018: 3.0%). Cash flows were discounted to present value using a mid-point after-tax discount rate of 12.4%. The discount rate was derived from the Group's weighted average cost of capital.

Management has performed sensitivity analysis on the key assumptions used in the impairment model. Management has considered possible changes in key assumptions that would cause the carrying amount of goodwill to exceed the value in use.

There is no indication of impairment at balance date.

Brand names and trademarks
The Group recognises the following brands and trademarks as indefinite life intangible assets:

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Carrying amount of brand names and trademarks:		
The Athlete's Foot	3,466	3,466
Platypus	11,100	11,100
Hype DC	20,545	20,545
Brands and trademarks	35,111	35,111

Impairment testing of brands and trademarks
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.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount was determined independently using the Relief from Royalty ('RFR') valuation method at acquisition date. The calculations reflect a five-year revenue forecast and requires the use of assumptions, including estimated royalty rates, tax rate, estimated discount rates and expected useful life.

The five-year revenue forecast was based on the Group's five-year strategic plan which was presented to the Board of Directors on 16 May 2019. The five-year strategic plan was based on past experience and the Company's forecast operating and financial performance, taking into account current market and economic conditions, risks, uncertainties and opportunities for improvement for each brand. As part of the impairment test, management assessed the reasonableness of growth rate assumptions by reviewing revenue projections against actual revenue. Revenue beyond the five-year period applied a distinct terminal growth rate to bricks and mortar and digital revenue growth in order to align forecasts with projected consumer behaviour.

Note 18. Non-current assets - intangibles (continued)

The royalty rates used in the valuation model were brand specific and based on rates observed in the market. The royalty rates across all brands ranged between 3.5% to 5.25%. The TAF brands royalty rate was in line with current franchise agreements.

The tax rate applied in the valuation model is based on the corporate tax rate in Australia of 30.0%. The after tax discount rate of 12.4% is derived from the Group's weighted average cost of capital.

Management has performed sensitivity analysis on the key assumptions in the impairment model using possible changes in these key assumptions, both individually and in combination.

The Group has concluded that no impairment is required based on expected performance and current market and economic conditions. A material change in market and economic conditions may increase the risk of impairment for Hype DC in future periods, however there is no reasonably possible change in key assumptions that could result in an impairment for the other brands.

Note 19. Non-current assets - deferred tax

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	41	152
Allowance for expected credit losses	170	346
Provision for shrinkage and stock obsolescence	1,717	2,290
Provision for employee entitlements	3,873	3,531
Other provisions and accrued expenses	683	238
Business capital expenditure	61	177
Difference in accounting and tax depreciation	8,071	6,696
Borrowing costs	38	79
Landlord and supplier contributions	11,147	7,945
Other	981	856
Deferred tax asset	26,782	22,310
Movements:		
Opening balance	22,310	18,501
Credited to profit or loss (note 9)	4,369	5,580
Charged to equity (note 9)	-	(1,771)
Additions through business combinations (note 41)	103	-
Closing balance	26,782	22,310

Note 20. Current liabilities - trade and other payables

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Trade payables	57,081	39,720
Goods and services tax payable	4,340	3,138
Accrued expenses	24,615	23,471
Other payables	13,423	8,600
	99,459	74,929

Refer to note 33 for further information on financial instruments.

Note 21. Current liabilities – deferred revenue

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Gift cards	2,628	1,999

Note 22. Current liabilities - provision

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Employee benefits	11,168	10,144
Other provisions	2,221	-
	13,389	10,144

Note 23. Current liabilities - borrowings

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Bank loans	10,000	9,500
Working capital facility	20,000	-
Vendor loan notes	-	13,125
	30,000	22,625

Note 23. Current liabilities - borrowings (continued)

Movements in borrowings
Movements in current borrowings during the current financial year is set out below:

	Borrowings *$'000*
Carrying amount at start of the year	22,625
Repayments	(22,625)
Additional loans	20,000
Amounts transferred from non-current (note 26)	10,000
Carrying amount at end of the year	30,000

Vendor loan notes
As part of the purchase consideration for Hype DC, the Company issued vendor loan notes to each of the vendors in proportion to their shareholding in Hype DC. The vendor loan notes of $13,125,000 were repaid in full on 13 July 2018.

Refer to note 26 for further information on assets pledged as security and financing arrangements.

Refer to note 33 for further information on financial instruments.

Note 24. Current liabilities - derivative financial instruments

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Forward foreign exchange contracts - cash flow hedges	417	-
Interest rate swap contracts - cash flow hedges	508	251
	925	251

Refer to note 33 for further information on financial instruments.

Refer to note 34 for further information on fair value measurement.

Note 25. Non-current liabilities - provision

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Employee benefits	580	64
Other provisions	1,885	-
	2,465	64

Note 26. Non-current liabilities - borrowings

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Bank loans	56,125	51,000

Movements in borrowings
Movements in non-current borrowings during the current financial year is set out below:

	Borrowings $'000
Carrying amount at start of the year	51,000
Additional loans	15,125
Amounts transferred to current (note 23)	(10,000)
Carrying amount at end of the year	56,125

Refer to note 33 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Bank loans	66,125	60,500
Working capital facility	20,000	-
	86,125	60,500

Note 26. Non-current liabilities - borrowings (continued)

Assets pledged as security
The senior bank debt made available by National Australia Bank ('NAB') and HSBC is secured by cross-guarantees and all assets of Accent Group Limited and each of its wholly-owned subsidiaries, excluding Subtype Pty Ltd and TAF Partnership Stores Pty Limited (refer to note 42 for a list of wholly-owned subsidiaries). Total secured assets amounted to $669,048,000 at 30 June 2019 (1 July 2018: $602,683,000).

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

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Total facilities		
Bank overdraft	8,800	10,600
Bank loans	66,125	61,000
Working capital facility	35,000	30,000
Capex facility	-	15,000
Bank guarantee and letters of credit	13,800	33,300
	123,725	149,900
Used at the reporting date		
Bank overdraft	-	-
Bank loans	66,125	60,500
Working capital facility	20,000	-
Capex facility	-	-
Bank guarantee and letters of credit	11,375	9,401
	97,500	69,901
Unused at the reporting date		
Bank overdraft	8,800	10,600
Bank loans	-	500
Working capital facility	15,000	30,000
Capex facility	-	15,000
Bank guarantee and letters of credit	2,425	23,899
	26,225	79,999

The Company refinanced its existing NAB debt facilities on 16 August 2018, in advance of their maturity, to take advantage of favourable loan market conditions. The new facilities provided by NAB and HSBC have tenures of three and five years maturing in August 2021 and August 2023.

Note 27. Non-current liabilities – derivative financial instruments

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Interest rate swap contracts - cash flow hedges	-	184

Refer to note 33 for further information on financial instruments.

Refer to note 34 for further information on fair value measurement.

Note 28. Non-current liabilities - deferred tax

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000 Restated**
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Unrealised foreign currency exchange	-	9
Difference in accounting and tax depreciation	423	2,054
Trademarks, brand names and distribution rights	12,270	12,967
	12,693	15,030
Amounts recognised in equity:		
Derivative financial instruments	853	1,457
Deferred tax liability	13,546	16,487
Movements:		
Opening balance	16,487	13,685
Charged/(credited) to profit or loss (note 9)	(2,337)	305
Charged/(credited) to equity (note 9)	(604)	1,457
Change in accounting policy	-	1,040
Closing balance	13,546	16,487

Note 29. Equity - issued capital

	Consolidated			
	30 Jun 2019 Shares	**1 Jul 2018 Shares**	**30 Jun 2019 $'000**	**1 Jul 2018 $'000**
Ordinary shares - fully paid	541,241,224	541,791,224	391,338	391,896
Less: Treasury shares	(2,756,670)	(6,040,000)	(2,582)	(4,923)
	538,484,554	535,751,224	388,756	386,973

Note 29. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	3 July 2017	532,789,559		385,310
Employee Share Scheme - loans repaid	24 August 2017	466,667	$0.490	229
Employee Share Scheme - loans repaid	06 February 2018	500,000	$0.730	365
Employee Share Scheme - loans repaid	02 March 2018	868,332	$0.490	425
Employee Share Scheme - loans repaid	02 March 2018	83,333	$0.590	49
Treasury shares - loans repaid	02 March 2018	100,000	$0.520	52
Employee Share Scheme - loans repaid	27 March 2018	73,333	$0.730	54
Employee Share Scheme - loans repaid	27 March 2018	10,000	$0.590	6
Treasury shares - loans repaid	12 May 2018	200,000	$0.600	120
Employee Share Scheme - loans repaid	18 May 2018	50,000	$0.590	30
Employee Share Scheme - loans repaid	29 May 2018	160,000	$0.490	78
Employee Share Scheme - loans repaid	29 May 2018	66,667	$0.690	46
Employee Share Scheme - loans repaid	29 May 2018	83,333	$0.590	49
Employee Share Scheme - loans repaid	29 May 2018	50,000	$0.590	30
Treasury shares - loans repaid	29 May 2018	250,000	$0.520	130
Balance	1 July 2018	535,751,224		386,973
Employee Share Scheme - loans repaid	3 July 2018	166,667	$0.490	82
Employee Share Scheme - loans repaid	9 August 2018	150,000	$0.490	74
Employee Share Scheme - loans repaid	21 August 2018	400,000	$0.490	196
Employee Share Scheme - loans repaid	24 August 2018	150,000	$0.490	74
Employee Share Scheme - loans repaid	30 August 2018	130,000	$0.590	77
Employee Share Scheme - loans repaid	30 August 2018	66,666	$1.140	76
Employee Share Scheme - loans repaid	6 September 2018	220,000	$0.590	130
Employee Share Scheme - loans repaid	7 September 2018	26,666	$0.490	13
Employee Share Scheme - loans repaid	24 September 2018	33,333	$1.140	38
Employee Share Scheme - loans repaid	5 October 2018	50,000	$0.590	30
Employee Share Scheme - loans repaid	10 October 2018	50,000	$0.590	30
Employee Share Scheme - loans repaid	11 January 2019	66,666	$0.690	46
Employee Share Scheme - loans repaid	11 January 2019	83,333	$0.590	49
Employee Share Scheme - loans repaid	25 February 2019	250,000	$0.730	183
Employee Share Scheme - loans repaid	27 February 2019	100,000	$1.010	101
Employee Share Scheme - loans repaid	28 February 2019	250,000	$0.730	183
Employee Share Scheme - loans repaid	4 March 2019	33,333	$0.730	24
Employee Share Scheme - loans repaid	11 March 2019	66,667	$1.010	67
Employee Share Scheme - loans repaid	4 April 2019	73,333	$0.730	54
Employee Share Scheme - loans repaid	4 April 2019	250,000	$0.730	183
Employee Share Scheme - loans repaid	30 May 2019	33,333	$0.730	24
Employee Share Scheme - loans repaid	12 June 2019	83,333	$0.590	49
Balance	30 June 2019	538,484,554		388,756

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

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

Treasury shares
No shares were issued to employees under the Employee Share Scheme (1 July 2018: nil). During the year, employee loan repayments reduced the number of treasury shares under the Employee Share Scheme. Details of the scheme are set out in note 46.

Note 29. Equity - issued capital (continued)

Share buy-back
There is no current on-market share buy-back.

Capital risk management
Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Note 30. Equity - reserves

	Consolidated	
	30 Jun 2019 $'000	1 Jul 2018 $'000
Foreign currency translation reserve	2,159	2,738
Hedging reserve - cash flow hedges	1,991	3,399
Share-based payments reserve	8,997	6,014
	13,147	12,151

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Hedging reserve - cash flow hedges
Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income with the remaining change in fair value recognised in the hedging reserve. Any ineffective portion is recognised immediately in the statement of profit and loss.

Share-based payments reserve
The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Note 31. Equity - non-controlling interest

	Consolidated	
	30 Jun 2019 $'000	1 Jul 2018 $'000
Issued capital	-	499
Retained earnings	-	474
	-	973

As at 30 June 2019, ownership interest of all TAF partnerships stores is 100%. Refer to note 42 for further information.

Note 32. Equity - dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Final dividend for the year ended 1 July 2018 of 3.75 cents (2017: 3.00 cents) per ordinary share	20,297	16,269
Interim dividend for the year ended 30 June 2019 of 4.50 cents (2018: 3.00 cents) per ordinary share	24,356	16,269
Dividends paid to non-controlling interests	89	81
	44,742	32,619

In respect of the financial year ended 30 June 2019, the directors recommended the payment of a final fully franked dividend of 3.75 cents per share to be paid on 26 September 2019 to the registered holders of fully paid ordinary shares as at 12 September 2019.

Franking credits

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Franking credits available for subsequent financial years based on a tax rate of 30%	30,138	29,824

New Zealand imputation credits available to New Zealand residential shareholders amount to NZ$1,863,000 (1 July 2018: NZ$1,819,000).

Note 33. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge foreign currency exposures and interest rate swaps to hedge interest rate exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a periodic basis.

Market risk

Foreign currency risk
The Group has transactional foreign currency exposures arising from the purchase of inventory denominated in US dollars. To minimise the impact of changes in the Australian Dollar / US Dollar exchange rate on profit and loss, the Group enters into forward exchange contracts in accordance with its Board-approved foreign exchange hedging policy.

Note 33. Financial instruments (continued)

The Group's exposure to foreign currency risk as at the end of the reporting period, expressed in Australian dollars, is shown below:

Consolidated	US dollar transactional exposure $'000	30 Jun 2019 Australian dollar equivalent $'000	US dollar transactional exposure $'000	01 Jul 2018 Australian dollar equivalent $'000
Forward contracts	102,909	142,787	95,797	124,214
Foreign currency trade payables	20,966	29,895	19,189	25,963
Foreign currency cash	-	-	325	440
Transactional foreign exchange risk	123,875	172,682	115,311	150,617

The sensitivity of the Group's transactional foreign currency risk exposure is estimated by assessing the impact that a 10% increase and 10% decrease in the Australian Dollar / US Dollar exchange rate would have on profit and equity of the Group at the reporting date.

	30 Jun 2019			01 Jul 2018		
	Movement in Australian dollar US dollar exchange rate %	Increase/ (decrease) in profit or loss $'000	Increase/ (decrease) in other comprehen-sive income $'000	Movement in Australian dollar US dollar exchange rate %	Increase/ (decrease) in profit or loss $'000	Increase/ (decrease) in other comprehen-sive income $'000
Forward Contracts	10%	-	(6,570)	10%	-	(4,543)
	(10%)	-	14,181	(10%)	-	12,784
Trade Payables	10%	287	2,431	10%	182	2,179
	(10%)	(351)	(2,971)	(10%)	(222)	(2,663)
Cash	10%	-	-	10%	(40)	-
	(10%)	-	-	(10%)	49	-

In management's opinion, the above sensitivity analysis is not fully representative of the inherent foreign exchange risk as the year end exposure does not necessarily reflect the exposure during the course of the year.

As noted above the Group manages its foreign currency risk through forward currency contracts.

The maturity, settlement amounts and the average contractual exchange rates of the Group's outstanding forward foreign exchange contracts at the reporting date were as follows:

	Sell Australian dollars		Average exchange rates	
	30 Jun 2019 $'000	1 Jul 2018 $'000	30 Jun 2019	1 Jul 2018
Buy US dollars				
Maturity:				
0 - 3 months	42,597	41,929	0.7374	0.7585
3 - 6 months	37,346	36,063	0.7230	0.7765
6 - 12 months	62,845	33,419	0.7081	0.7781
Over 12 months	-	12,804	-	0.7810

Note 33. Financial instruments (continued)

Translational Foreign Currency Risk
The Group includes certain subsidiaries whose functional currencies are different to the Group's presentation currency of Australian Dollars. As stated in the Group's Accounting Policies in Note 3, on consolidation the assets and liabilities of these entities are translated into Australian dollars at exchange rates prevailing on the balance date. The income and expenses of these entities are translated at the average exchange rates for the year. Exchange differences arising are classified as equity and are transferred to a foreign exchange translation reserve. The main operating entities outside of Australia are based in New Zealand. The Group's future reported profits could therefore be impacted by changes in rates of exchange between the Australian Dollar and the New Zealand Dollar.

		30 Jun 2019		1 Jul 2018
	NZ dollar translational exposure $'000	Australian dollar equivalent $'000	NZ dollar translational exposure $'000	Australian dollar equivalent $'000
New Zealand dollar net assets	19,471	18,610	36,993	33,929

The sensitivity of the Group's translational foreign currency risk exposure is estimated by assessing the impact that a 10% increase and 10% decrease in the Australian Dollar / NZ Dollar exchange rate would have on profit and equity of the Group at the reporting date.

		30 Jun 2019		1 Jul 2018
	Movement in Australian dollar NZ dollar exchange rate %	Increase/ (decrease) in other comprehen-sive income $'000	Movement in Australian dollar NZ dollar exchange rate %	Increase/ (decrease) in other comprehen-sive income $'000
New Zealand dollar net assets	10%	(1,692)	10%	(3,084)
	(10%)	2,068	(10%)	3,770

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group maintains approximately 50% of long-term borrowings at fixed rates using interest rate swaps to achieve this when necessary.

As at the reporting date, the Group had the following cash and cash equivalents, variable rate borrowings and interest rate swap contracts outstanding:

		30 Jun 2019		1 Jul 2018
Consolidated	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Bank loans	2.78%	(86,125)	3.81%	(60,500)
Interest rate swap *	4.31%	32,750	4.42%	35,250
Net exposure to cash flow interest rate risk		(53,375)		(25,250)

Note 33. Financial instruments (continued)

* For the interest rate swaps outstanding at 30 June 2019:
- Outstanding interest rate swap contracts maturity is May 2020
- Average contracted fixed interest rate of 4.31% is inclusive of the margin applicable to the variable rate borrowings
- Notional principal value is $32,750,000
- Fair value at 30 June 2019 is $508,000 (liability) (1 July 2018 is $435,000 (liability))

Sensitivity impact of interest rate changes has not been shown as a 0.5% change in interest rates would have an immaterial profit or loss impact based on the net exposure to cash flow interest rate risk at balance date.

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 Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. 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.

Estimated expected credit losses were recognised under an 'incurred loss' model until 2 July 2018 and therefore it was dependent upon the existence of an impairment event. From 2 July 2018, expected credit losses are recognised based on management's expectation of losses without regard to whether an impairment trigger happened or not (an 'expected credit loss' model). Trade receivables are written off against the allowance account where there is no reasonable expectation of recovery.

The amount of the expected credit loss is recognised in profit and loss within other expenses.

AASB 9 was adopted using the transitional rules not to restate comparatives. As such, no analysis of expected credit losses is disclosed for the year ended 1 July 2018.

The ageing of the receivables as at 30 June 2019 are as follows:

Consolidated	Carrying amount 30 Jun 2019 $'000
Not overdue	24,093
0 to 30 days overdue	2,174
31 to 60 days overdue	539
61 to 90 days overdue	346
Over 120 days overdue	699
	27,851

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

	Consolidated	
	30 Jun 2019 $'000	1 Jul 2018 $'000
Opening balance	1,229	1,180
Additional provisions recognised	90	194
Expected credit loss movement recognised	(735)	(145)
Closing balance	584	1,229

Note 33. Financial instruments (continued)

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Bank overdraft	8,800	10,600
Bank loans	-	500
Working capital facility	15,000	30,000
Capex facility	-	15,000
Bank guarantee and letters of credit	2,425	23,899
	26,225	79,999

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid, and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 30 Jun 2019	*Weighted average interest rate %*	*1 year or less $'000*	*Between 1 and 2 years $'000*	*Between 2 and 5 years $'000*	*Over 5 years $'000*	*Remaining contractual maturities $'000*
Non-derivatives						
Non-interest bearing						
Trade payables	-	57,081	-	-	-	57,081
Other payables	-	13,423	-	-	-	13,423
Interest-bearing - variable						
Term loans	2.76%	10,000	56,125	-	-	66,125
Working capital facility	2.86%	20,000	-	-	-	20,000
Total non-derivatives		100,504	56,125	-	-	156,629
Derivatives						
Interest rate swaps net settled	4.31%	508	-	-	-	508
Forward foreign exchange contracts net settled	-	(3,352)	-	-	-	(3,352)
Total derivatives		(2,844)	-	-	-	(2,844)

Note 33. Financial instruments (continued)

Consolidated - 1 Jul 2018	*Weighted average interest rate %*	*1 year or less $'000*	*Between 1 and 2 years $'000*	*Between 2 and 5 years $'000*	*Over 5 years $'000*	*Remaining contractual maturities $'000*
Non-derivatives						
Non-interest bearing						
Trade payables	-	39,720	-	-	-	39,720
Other payables	-	8,600	-	-	-	8,600
Interest-bearing - variable						
Term loans	3.81%	11,677	52,721	-	-	64,398
Interest-bearing - fixed rate						
Vendor loan notes	6.00%	13,153	-	-	-	13,153
Total non-derivatives		73,150	52,721	-	-	125,871
Derivatives						
Interest rate swaps net settled	4.42%	251	184	-	-	435
Forward foreign exchange contracts net settled	-	(4,712)	(730)	-	-	(5,442)
Total derivatives		(4,461)	(546)	-	-	(5,007)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Capital risk management
The Group manages its capital to ensure that all the entities within the Group are able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents, trade and other receivables, inventories, intangibles and net working capital. The equity attributable to equity holders of the parent entity comprises issued capital, reserves and accumulated losses.

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

None of the Group entities are subject to externally-imposed capital requirements.

The capital risk management policy has not changed since the 1 July 2018 year.

Note 34. Fair value measurement

The only financial assets or financial liabilities carried at fair value are interest rate swaps and foreign currency forward contracts. All these instruments are Level 2 financial instruments because, unlike Level 1 financial instruments, their measurement is derived from inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Consolidated - 30 Jun 2019	*Level 1 $'000*	*Level 2 $'000*	*Level 3 $'000*	*Total $'000*
Assets				
Forward foreign exchange contracts - cash flow hedges	-	3,769	-	3,769
Total assets	-	3,769	-	3,769
Liabilities				
Forward foreign exchange contracts - cash flow hedges	-	417	-	417
Interest rate swap contracts - cash flow hedges	-	508	-	508
Total liabilities	-	925	-	925

Consolidated - 1 Jul 2018	*Level 1 $'000*	*Level 2 $'000*	*Level 3 $'000*	*Total $'000*
Assets				
Forward foreign exchange contracts - cash flow hedges	-	5,290	-	5,290
Total assets	-	5,290	-	5,290
Liabilities				
Interest rate swap contracts - cash flow hedges	-	435	-	435
Total liabilities	-	435	-	435

There were no transfers between levels during the year.

Valuation techniques for fair value measurements categorised within level 2
The fair values of the above financial assets and financial liabilities are determined using the valuation techniques below. The fair value was obtained from third party valuations.

Forward foreign exchange contracts
Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

Interest rate swap contracts
Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

The carrying amount of other financial assets and financial liabilities recorded in the financial statements approximate their fair values.

Note 35. 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:

	Consolidated	
	30 Jun 2019 $	1 Jul 2018 $
Short-term employee benefits	4,004,210	6,531,696
Post-employment benefits	90,344	111,729
Share-based payments	1,068,597	586,696
	5,163,151	7,230,121

Note 36. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	Consolidated	
	30 Jun 2019 $	1 Jul 2018 $
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	473,000	453,200
Other services - Deloitte Touche Tohmatsu		
Other consulting services	69,190	-
	542,190	453,200

Note 37. Contingent liabilities

The Group has bank guarantees outstanding as at 30 June 2019 of $1,393,974 (1 July 2018: $1,959,874). The Group also has open letters of credit of $9,981,463 (1 July 2018: $7,441,483). These guarantees and letters of credit entered into are in relation to the debts of its subsidiaries.

The Athletes Foot ('TAF') has entered into operating lease commitments with landlords in its capacity as head lessor for stores operated by the franchisees. However, the franchisees have simultaneously undertaken to meet the rental commitments through back-to-back licence agreements. In addition, some franchisees have provided bank guarantees (generally for a maximum period of three months' rent) and in some instances personal guarantees to the landlords of the properties. The Company and its subsidiaries would become liable in the event of a default by any franchisee. The maximum possible exposure would be $36,026,343 (1 July 2018: $55,291,644) and comprises:

Note 37. Contingent liabilities (continued)

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Default by franchisee		
Maximum possible exposure comprising:		
Less than one year	10,426	14,405
Between one and five years	23,971	36,418
More than five years	1,629	4,469
Total maximum exposure	36,026	55,292

This cumulative above amount would arise only in the event that all franchisees defaulted at the same time.

Note 38. Commitments

	Consolidated	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	12,970	8,260
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	96,982	69,876
One to five years	267,712	193,248
More than five years	43,215	27,109
	407,909	290,233

Operating lease commitments includes contracted amounts for various retail outlets and corporate headquarters under non-cancellable operating leases expiring within one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 39. Related party transactions

Parent entity
Accent Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 42.

Key management personnel
Disclosures relating to key management personnel are set out in note 35 and the remuneration report included in the directors' report.

Note 39. Related party transactions (continued)

Entities associated with key management personnel
Rivan Pty Limited, a shareholder, is a company associated with David Gordon.
2 Como Pty Ltd, a shareholder, is a company associated with Daniel Agostinelli.
Retail Oasis Pty Limited, a company associated with Stephen Kulmar.
BBRC International Pte Ltd, a shareholder, is a company associated with Brett Blundy.
Placed Pty Ltd, a company associated with Brett Blundy.
Aventus Kotara South Pty Ltd, a company associated with Brett Blundy.

Transactions with related parties
The following transactions occurred with related parties:

Placed Pty Ltd, a company associated with Brett Blundy, provided recruitment services to the Group amounting to $709,737. These services were provided on an arm's length basis.

Aventus Kotara South Pty Ltd, a company associated with Brett Blundy, is the landlord of the Skechers Kotara outlet, with lease terms at arm’s length.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	30 Jun 2019 $	**1 Jul 2018 $**
Loans to/(from) key management personnel:		
- Daniel Gilbert (interest at 6% per annum) *	-	(4,593,750)

* Relates to vendor finance component of Hype DC acquisition which was repaid on 13 July 2018.

Note 40. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Profit after income tax	52,397	36,744
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	52,397	36,744

Note 40. Parent entity information (continued)

Statement of financial position

	Parent	
	30 Jun 2019 $'000	**1 Jul 2018 $'000**
Total current assets	71,381	60,989
Total non-current assets	375,733	377,759
Total assets	447,114	438,748
Total current liabilities	23,911	34,770
Total non-current liabilities	69,669	62,954
Total liabilities	93,580	97,724
Net assets	353,534	341,024
Equity		
Issued capital	388,756	386,973
Share-based payments reserve	8,997	6,014
Accumulated losses	(44,219)	(51,963)
Total equity	353,534	341,024

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 1 July 2018, other than those disclosed in note 37, which apply to Accent Group Limited as parent of the Group.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 1 July 2018.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 3, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 41. Business combinations

During the year to 30 June 2019, the Group completed the acquisition of 30 TAF stores. This included the reacquisition of the New Zealand Master Franchise License, representing 6 Corporate stores, 2 Franchise Stores and 1 Online store. In addition to this, the Group acquired the Subtype business, a sneaker and fashion boutique from Zanerobe Global Holdings Pty Ltd. The total consideration transferred for these acquisitions was $12,124,057. Goodwill of $9,138,571 was recognised on acquisition and represents the expected synergies to be realised from merging this business into the existing Group.

Note 41. Business combinations (continued)

Details of the provisional net assets acquired are as follows:

	Fair value $'000
Cash and cash equivalents	9
Inventories	4,146
Other current assets	119
Re-acquired right	379
Property, plant and equipment	256
Deferred tax asset	103
Trade and other payables	(21)
Employee benefits	(285)
Other current liabilities	(1,047)
Lease liability	(674)
Net assets acquired	2,985
Goodwill	9,139
Acquisition date fair value of the total consideration transferred	12,124
Representing:	
Cash paid or payable to vendor	11,813
Outstanding debt/loans forgiven	311
	12,124

Details of the cash flow movement relating to the acquisition are as follows:

	Fair value $'000
Cash used to acquire business, net of cash acquired:	
Acquisition date fair value of the total consideration transferred	12,124
Less: cash and cash equivalents	(9)
Less: outstanding debt/loans forgiven	(311)
Net cash used	11,804

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 42. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 3:

Name	Principal place of business / Country of incorporation	Ownership interest 30 Jun 2019 %	Ownership interest 1 Jul 2018 %
The Athlete's Foot Australia Pty Ltd	Australia	100%	100%
TAF Constructions Pty Ltd (a)	Australia	100%	100%
RCG Brands Pty Ltd	Australia	100%	100%
RCG Retail Pty Ltd	Australia	100%	100%
TAF eStore Pty Ltd (a)	Australia	100%	100%
TAF Partnership Stores Pty Ltd (a)	Australia	100%	100%
TAF Rockhampton Pty Ltd (b)	Australia	100%	80%
TAF Eastland Pty Ltd (b)	Australia	100%	80%
TAF The Glen Pty Ltd (b)	Australia	100%	60%
TAF Hornsby Pty Ltd (b)	Australia	100%	80%
TAF Hobart Pty Ltd (b)	Australia	100%	80%
TAF Booragoon Pty Ltd (b)	Australia	100%	60%
Accent Group Ltd (c)	New Zealand	100%	100%
Platypus Shoes Ltd (d)	New Zealand	100%	100%
Accent Footwear Ltd (d)	New Zealand	100%	100%
Hype DC Ltd (d)	New Zealand	100%	100%
TAF New Zealand Ltd (d)	New Zealand	100%	-
Accent Brands Pty Ltd (c)	Australia	100%	100%
Platypus Shoes (Australia) Pty Ltd (c)	Australia	100%	100%
42K Pty Ltd (e)	Australia	100%	100%
RCG Grounded Pty Ltd	Australia	100%	100%
RCG Accent Group Holdings Pty Ltd	Australia	100%	100%
Hype DC Pty Ltd	Australia	100%	100%
Subtype Pty Ltd	Australia	100%	-
Accent Group Pte Ltd	Singapore	100%	-

(a) Indirectly held through The Athlete's Foot Australia Pty Ltd
(b) Indirectly held through TAF Partnership Stores Pty Ltd
(c) Indirectly held through RCG Accent Group Holdings Pty Ltd
(d) Indirectly held through Accent Group Ltd (New Zealand)
(e) Indirectly held through Accent Brands Pty Ltd

Note 43. Deed of cross guarantee

The following entities are party to a deed of cross guarantee, entered into on 23 February 2017, under which each company guarantees the debts of the others:

Accent Group Ltd (formerly known as RCG Corporation Ltd)	(ACN 108 096 251)
RCG Brands Pty Ltd	(ACN 125 433 972)
The Athlete's Foot Australia Pty Ltd	(ACN 001 777 582)
RCG Retail Pty Ltd	(ACN 144 955 117)
RCG Accent Group Holdings Pty Ltd	(ACN 613 017 422)
Hype DC Pty Limited	(ACN 081 432 313)
TAF Partnership Stores Pty Ltd	(ACN 164 791 048)
TAF eStore Pty Ltd	(ACN 158 031 040)
T.A.F Constructions Pty Ltd	(ACN 097 684 430)
Accent Group Pty Ltd	(ACN 001 742 552)
Platypus Shoes (Australia) Pty Ltd	(ACN 122 726 907)
42K Pty Ltd	(ACN 169 043 145)
RCG Grounded Pty Ltd	(ACN 611 621 482)
Subtype Pty Ltd	(ACN 628 866 419)

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Accent Group Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Statement of profit or loss and other comprehensive income	30 Jun 2019 $'000	1 Jul 2018 $'000
Revenue	716,204	633,496
Other income	26,089	2
Interest revenue	463	788
Cost of sales	(307,251)	(276,964)
Distribution	(25,024)	(20,167)
Marketing	(18,885)	(15,592)
Occupancy	(85,322)	(75,257)
Employee expenses	(153,617)	(137,863)
Other	(31,006)	(29,934)
Depreciation and amortisation	(26,953)	(22,105)
Finance costs	(4,025)	(4,566)
Profit before income tax expense	90,673	51,838
Income tax expense	(19,451)	(14,349)
Profit after income tax expense	71,222	37,489
Other comprehensive income		
Net change in the fair value of cash flow hedges taken to equity, net of tax	(1,408)	7,434
Foreign currency translation	(1,614)	(979)
Other comprehensive income for the year, net of tax	(3,022)	6,455
Total comprehensive income for the year	68,200	43,944

Note 43. Deed of cross guarantee (continued)

Statement of financial position	30 Jun 2019 $'000	1 Jul 2018 $'000
Current assets		
Cash and cash equivalents	24,417	29,959
Trade and other receivables	30,800	-
Inventories	112,595	91,728
Derivative financial instruments	3,769	4,614
Other current assets	1,769	1,162
	173,350	127,463
Non-current assets		
Receivables	-	341
Derivative financial instruments	-	676
Property, plant and equipment	78,288	69,798
Intangibles	353,918	347,649
Deferred tax	25,650	20,841
	457,856	439,305
Total assets	631,206	566,768
Current liabilities		
Trade and other payables	83,219	70,622
Deferred revenue	2,498	1,926
Provisions	13,032	9,942
Borrowings	30,000	22,625
Derivative financial instruments	925	251
Provision for income tax	9,807	9,757
Deferred lease incentives	8,152	6,874
	147,633	121,997
Non-current liabilities		
Provisions	2,466	64
Borrowings	56,125	51,000
Derivative financial instruments	-	184
Deferred tax	13,548	16,486
Deferred lease incentives	23,520	17,436
	95,659	85,170
Total liabilities	243,292	207,167
Net assets	387,914	359,601
Equity		
Issued capital	388,756	386,973
Reserves	11,903	11,942
Accumulated losses	(12,745)	(39,314)
Total equity	387,914	359,601

Note 44. Cash flow information

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

	Consolidated	
	30 Jun 2019 $'000	1 Jul 2018 $'000
Profit after income tax expense for the year	53,886	44,000
Adjustments for:		
Depreciation and amortisation	28,268	24,133
Write-off of assets	-	65
Share-based payments	2,983	1,949
Provision for store impairment	1,050	-
Foreign exchange differences	(78)	51
Rental expenses	(9,094)	(7,314)
Change in assets and liabilities:		
Receivables	(11,741)	3,740
Inventories	(32,914)	13,390
Trade creditors and provisions	38,826	(7,219)
Tax assets and liabilities	(5,499)	(2,727)
Net cash from operating activities	65,687	70,068

Note 45. Earnings per share

	Consolidated	
	30 Jun 2019 $'000	1 Jul 2018 $'000
Profit after income tax	53,886	44,000
Non-controlling interest	(17)	(43)
Profit after income tax attributable to the owners of Accent Group Limited	53,869	43,957

	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	537,379,873	533,847,841
Adjustments for calculation of diluted earnings per share:		
Options and loan funded shares	2,356,670	2,215,583
Performance rights	24,876,154	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	564,612,697	536,063,424

	Cents	Cents
Basic earnings per share	10.02	8.23
Diluted earnings per share	9.54	8.20

Note 46. Share-based payments

Option Plans

Employee Share Scheme
Shares have been issued under the Accent Group Employee Share Scheme ('ESS') and are held in escrow until certain vesting conditions are met. The shares were issued at fair value at the date of the offer and the Company has provided employees with a limited recourse loan to acquire the shares. Interest on the loan is equivalent to the value of franked dividends paid in respect of the shares. The shares are treated in substance as options and accounted for as share-based payments.

Set out below are summaries of options granted under the plans:

30 Jun 2019

Grant date	*Expiry date*	*Exercise price*	*Balance at the start of the year*	*Granted*	*Exercised*	*Expired/ forfeited/ other*	*Balance at the end of the year*
28/02/2013	28/08/2018	$0.490	993,333	-	(893,333)	(100,000)	-
03/12/2013	03/06/2019	$0.690	66,666	-	(66,666)	-	-
02/10/2014	30/03/2020	$0.590	1,083,334	-	(616,666)	-	466,668
30/03/2015	30/09/2020	$0.730	146,667	-	(73,333)	-	73,334
27/05/2015	30/09/2020	$0.730	1,750,000	-	(816,666)	-	933,334
27/05/2015	30/09/2020	$1.010	500,000	-	(166,667)	-	333,333
28/08/2015	30/08/2020	$1.140	1,100,000	-	(99,999)	(450,000)	550,001
13/05/2016	28/02/2021	$1.490	400,000	-	-	-	400,000
			6,040,000	-	(2,733,330)	(550,000)	2,756,670

1 Jul 2018

Grant date	*Expiry date*	*Exercise price*	*Balance at the start of the year*	*Granted*	*Exercised*	*Expired/ forfeited/ other*	*Balance at the end of the year*
27/08/2015	27/08/2018	$0.400	350,000	-	-	(350,000)	-
27/08/2015	27/08/2018	$0.589	200,000	-	-	(200,000)	-
28/02/2013	28/08/2018	$0.490	2,488,332	-	(1,494,999)	-	993,333
03/12/2013	03/06/2019	$0.690	133,333	-	(66,667)	-	66,666
02/10/2014	30/03/2020	$0.590	1,360,000	-	(276,666)	-	1,083,334
30/03/2015	30/09/2020	$0.730	220,000	-	(73,333)	-	146,667
27/05/2015	30/09/2020	$0.730	2,250,000	-	(500,000)	-	1,750,000
27/05/2015	30/09/2020	$1.010	500,000	-	-	-	500,000
28/08/2015	30/08/2020	$1.140	1,600,000	-	-	(500,000)	1,100,000
13/05/2016	28/02/2021	$1.490	400,000	-	-	-	400,000
			9,501,665	-	(2,411,665)	(1,050,000)	6,040,000

The weighted average share price during the financial year was $1.395 (1 July 2018: $1.092).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.2 years (2018: 1.8 years).

Performance rights
On 14 October 2016, the Board approved a performance rights plan called the RCG Performance Rights Plan ('PRP'). The PRP was introduced following a review by the Board of the existing remuneration arrangements of the Company. The Board intends for the PRP to replace the ESS.

The objective of the PRP is to align the interests of employees of the Group with those of the shareholders and provide employees of the Group who are considered to be key to the future success of the Company with an opportunity to receive shares in order to reward and retain the services of those persons and recognise the employees of the Group for their contribution to the future success of the Company.

Note 46. Share-based payments (continued)

Eligibility and grant of performance rights
The Board may, from time to time, grant performance rights to an employee of the Group who the Board determines to be eligible to participate in the PRP. This may include an executive director of the Company, but may not include a non-executive director of the Company. The performance rights granted are under the terms and conditions of the PRP and may include additional terms and conditions, including any performance conditions, as the Board determine. The Board may only grant performance rights where an employee continues to satisfy any relevant conditions imposed by the Board.

Vesting of performance rights
Vesting of performance rights are subject to prescribed performance conditions. The performance conditions are as follows:

- Performance rights granted in 2017 are subject to an earnings per share ('EPS') performance condition (50%) and a total shareholder return ('TSR') performance condition (50%). The 2017 performance rights are measured over a 3-year period.

- Performance rights granted in 2018 are all subject to an EPS performance condition measured over a 5-year period. For the performance rights to vest, the Company's compound annual growth in adjusted diluted earnings per share ('ADEPS') must equal or exceed 10% p.a. over a five-year period. If the performance condition is met, 100% of the performance rights vest at the end of the five-year period. If the performance condition is not met, none of the performance rights vest unless the Board determines otherwise.

The Group recognises the fair value at the grant date of equity settled shares as an employee benefit expense proportionally over the vesting periods with a corresponding increase in equity. Fair value is measured at grant date using Monte-Carlo simulation and Binomial option pricing models where applicable. Vesting is also subject to the recipients of the performance rights remaining in employment with the Company.

Lapsing of performance rights
An unvested performance right will lapse in various prescribed circumstances, unless the Board determines otherwise. Such circumstances include:
- the circumstances specified by the Board on or before the grant of the performance right;
- if a participant ceases to be an employee and/or director of a Group company for any reason or they cease to satisfy any other relevant conditions imposed by the Board at the time of the grant of the performance rights;
- failure to meet the performance conditions attaching to the performance right or any performance condition no longer, in the opinion of the Board, being capable of being satisfied in accordance with their terms; and
- if in the opinion of the Board a participant acts fraudulently or dishonestly, is in breach of their material duties or obligations to any Group company, has committed an act of harassment or discrimination or has done any act which has brought the Group or any Group company into disrepute.

Key inputs to the pricing models include:

	30 June 2019
Share price at grant date	$0.78 - $1.61
Volatility	25.0%
Dividend yield	3.7% - 7.7%
Risk-free interest rate	1.50%

	1 July 2018
Share price at grant date	$0.80
Volatility	25.0%
Dividend yield	7.5%
Risk-free interest rate	1.50%

Note 46. Share-based payments (continued)

Set out below are summaries of the performance rights granted:

30 Jun 2019

Grant date	*Expiry date*	*Balance at the start of the year*	*Granted*	*Exercised*	*Expired/ forfeited/ other*	*Balance at the end of the year*
11/01/2017	09/11/2019	1,210,552	-	-	(134,398)	1,076,154
03/10/2017	30/10/2022	16,950,000	-	-	(250,000)	16,700,000
27/12/2017	30/10/2022	6,700,000	-	-	-	6,700,000
20/06/2018	30/10/2022	400,000	-	-	-	400,000
		25,260,552	-	-	(384,398)	24,876,154

1 Jul 2018

Grant date	*Expiry date*	*Balance at the start of the year*	*Granted*	*Exercised*	*Expired/ forfeited/ other*	*Balance at the end of the year*
11/01/2017	09/11/2019	2,119,315	-	-	(908,763)	1,210,552
03/10/2017	30/10/2022	-	19,450,000	-	(2,500,000)	16,950,000
27/12/2017	30/10/2022	-	12,200,000	-	(5,500,000)	6,700,000
20/06/2018	30/10/2022	-	400,000	-	-	400,000
		2,119,315	32,050,000	-	(8,908,763)	25,260,552

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 3.2 years (2018: 4.2 years).

Note 47. Events after the reporting period

Apart from the dividend declared as disclosed in note 32, no other matter or circumstance has arisen since 30 June 2019 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.

Accent Group Limited
Directors' declaration
30 June 2019

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 3 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 2019 and of its performance for the financial year ended on that date;

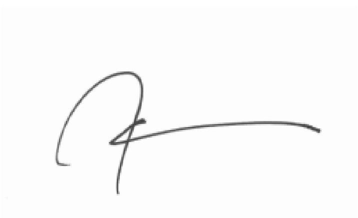
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 43 to the financial statements.

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



David Gordon
Chairman

22 August 2019
Melbourne

Deloitte.

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Independent Auditor's Report to the Members of Accent Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Accent Group Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for 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	How the scope of our audit responded to the Key Audit Matter
Carrying value of goodwill and indefinite useful life intangible assets	

Goodwill and indefinite useful life intangible assets (principally brand names) totaling $352.9m have been recognised in the consolidated statement of financial position as a consequence of acquisitions undertaken in the current and past periods.
 	
Management conducts impairment tests annually (or more frequently if impairment indicators exist) to assess the recoverability of the carrying value of goodwill and indefinite useful life intangible assets. This is performed through value-in-use discounted cash flow model for goodwill and the fair value less cost to sell valuation method for other indefinite useful life intangible assets.
 	
As disclosed in Note 3, there are a number of key estimates made which require significant judgement in determining the inputs into these models, which include:
• Revenue growth;
• Royalty rates (used in the Relief from Royalty brand valuation model); and
• Discount rates applied to the projected future cash flows.
	Our audit procedures included, but were not limited to:
	• Evaluated the principles and integrity of the model used by management to calculate value-in-use of the Group and fair value for other indefinite useful life intangible assets to ensure it complies with the relevant accounting standards;
	• Challenged management with respect to the revenue growth rates underlying the cash flow forecasts to determine whether they are reasonable and supportable based on historical performance, management's strategic growth plans for the Group, and other known industry factors;
	• Engaged valuation specialists to assess the reasonableness of the basis adopted by management in determining the other key inputs and assumptions underlying the calculations in the models including:
	  ○ Evaluated the royalty rates used by comparison to market data on similar brands' royalty rates; and
	  ○ Evaluated the discount rate used by assessing the cost of capital of the Group in comparison to market data
	• Performed sensitivity analysis on the key model inputs and assumptions; and
	• Assessed the appropriateness of the disclosures in Note 18 to the financial statements.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Provision for impairment of inventories	

The Group has recognised $131.5m in inventories on the statement of financial position as at 30 June 2019.
 	
Inventories are recognised net of a provision for impairment where the net realisable value of inventories is less than cost. As disclosed in Note 3, this assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the anticipated level of sales and margins based on recent historical performance, the quality of inventory held at balance sheet date and the broader market conditions.
 	
To the extent that these judgements and estimates prove incorrect, the Group may be exposed to potential additional inventory write-downs or reversals in future periods.
	Our audit procedures included, but were not limited to:
	
	• Challenged management's estimate of the provision by considering, amongst others, the following sources of information to assess net realisable value:
	  ○ Actual losses incurred in the previous 12 months due to inventory being sold below cost and inventory written off;
	  ○ Inventory not sold during the period; and
	  ○ The likelihood of current inventory to become impaired in the future based on internal and external factors.
	• Reviewed and assessed the reasonableness of the basis adopted by management in determining the provision calculations;
	• Recalculated the inventory provision to test compliance with the Group's accounting policy and accounting standards; and
	• Assessed the appropriateness of the disclosures in Note 12 to the financial statements.

AASB 16 Leases: Presentation and disclosure	
The Group is required to apply the requirements of AASB 16 Leases from 1 July 2019, being the start of the financial year ending 29 June 2020. As set out in Note 3, management has identified that the adoption of AASB 16 will have a significant impact on the presentation of the Group's financial statements. The expected impact of adoption is reliant upon a number of key estimates and judgements as set out in Note 3. Additionally, there is risk that the lease data is incomplete or inaccurate.	Our audit procedures included, but were not limited to: • On a sample basis, tested the completeness of the lease data captured by management by agreeing rent expenses in the ledger to the lease data; • On a sample basis, tested the accuracy of the lease data captured by management, by agreeing it to the underlying lease documentation; • Engaged our specialists to assess the incremental borrowing rates used by management to calculate the lease liability; • Evaluated the estimates and judgement applied by management in determining the lease period for each lease on a sample test basis, including the probability of exercising options; • Recalculated the lease liability and right of use asset, on a sample basis, to test the mathematical accuracy of management's calculations; and • Assessed the appropriateness of the disclosure in Note 3 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and Shareholder Information which we obtained prior to the date of this auditor's report. The annual report will also include the Chairman and Chief Executive Officer's Report which is expected to be made available to us after that date (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 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.

When we read the Chairman and Chief Executive Officer Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 16 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Accent Group Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D R White

David White
Partner
Chartered Accountants
Melbourne, 22 August 2019

The shareholder information set out below was applicable as at 14 August 2019.

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

	Number of holders of ordinary shares
1 to 1,000	1,194
1,001 to 5,000	2,370
5,001 to 10,000	1,346
10,001 to 100,000	1,916
100,001 and over	168
	6,994
Holding less than a marketable parcel	184

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
BBRC INTERNATIONAL PTE LTD <BB FAMILY INTERNATIONAL A/C>	97,539,693	18.02
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	85,800,626	15.85
J P MORGAN NOMINEES AUSTRALIA LIMITED	45,588,141	8.42
CRAIG JOHN THOMPSON	34,485,364	6.37
CITICORP NOMINEES PTY LIMITED	32,519,579	6.01
BNP PARIBAS NOMS PTY LTD <DRP>	25,597,003	4.73
GRAHGER RETAIL SECURITIES PTY LTD	14,400,000	2.66
JAMES WILLIAM DUELL	14,000,000	2.59
MICHAEL JOHN HAPGOOD	14,000,000	2.59
CINDY GILBERT	11,494,488	2.12
DANIEL GILBERT	11,000,000	2.03
NATIONAL NOMINEES LIMITED	9,843,982	1.82
WOODROSS NOMINEES PTY LTD	6,076,777	1.12
PITTMAN PTY LIMITED <THE PITT FAMILY A/C>	3,839,868	0.71
AUTHENTICS AUSTRALIA PTY LTD <AUTHENTICS AUSTRALIA A/C>	3,364,694	0.62
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	3,070,693	0.57
UBS NOMINEES PTY LTD	3,008,286	0.56
GRAHGER CAPITAL SECURITIES MANAGEMENT PTY LTD	2,900,000	0.54
RIVAN PTY LTD <DAVID GORDON SUPER FUND A/C>	2,599,034	0.48
LITTLE BLUE PORSCHE PTY LTD <G C STEELE SUPER FUND A/C>	1,600,000	0.30
	422,728,228	78.11

Substantial holders

Substantial holders in the Company are set out below:

	Number held	Ordinary shares % of total shares issued
BBRC International Pte Ltd	97,539,693	18.02
Craig John Thompson	34,485,364	6.37

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.

Restricted securities

Class	Expiry date	Number of shares
Ordinary shares subject to the RCG Employee Share Scheme restrictions	Various	2,756,670

Directors	David Gordon - Chairman Daniel Agostinelli - Chief Executive Officer Brett Blundy Stephen Goddard Michael Hapgood Stephen Kulmar Donna Player Nico van der Merwe
Joint company secretaries	Matthew Durbin Celesti Harmse
Registered office and principal place of business	2/64 Balmain Street Richmond VIC 3121 Telephone: +61 3 9427 9422 Facsimile: +61 3 9427 9622 Email: investors@accentgr.com.au
Share register	Computershare Investor Services Pty Limited Level 4 60 Carrington Street Sydney NSW 2000 Telephone: 1300 787 272
Auditor	Deloitte Touche Tohmatsu 550 Bourke Street Melbourne VIC 3000
Bankers	National Australia Bank
Stock exchange listing	Accent Group Limited shares are listed on the Australian Securities Exchange (ASX code: AX1)
Website	www.accentgr.com.au
Corporate Governance Statement	www.accentgr.com.au/for-investors/corporate-governance