



# ASHLEY SERVICES GROUP

LABOUR HIRE | RECRUITMENT | TRAINING

## Appendix 4E

### Year Ended 4 July 2021

Lodged with the ASX under Listing Rule 4.3A

31 August 2021

The following information should be read in conjunction with the attached Annual Report.

#### 1. DETAILS OF REPORTING PERIODS:

The current reporting period is the 52 weeks to 4 July 2021. The previous corresponding reporting period was the 53 weeks from 1 July 2019 to 5 July 2020. The group works on a 4-4-5 week based calendar in line with the group's weekly reporting calendar and 53 week years are required occasionally to ensure the month end date is included more appropriately within the periods. The consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position relates to Ashley Services Group Limited ("ASH" and its controlled entities).

#### 2. RESULTS FOR ANNOUNCEMENT TO THE MARKET:

##### Results:

		Change %	Change	Amount \$'000
Revenue from ordinary activities	Up	13.9%	To	383,672
Profit after tax for the year	Up	89.6%	To	9,610
Profit after tax for the year attributable to shareholders	Up	96.1%	To	9,150

Refer to Chairman and Managing Director's review in the Annual Report and separate results presentation for commentary on the results.

##### Control gained over entities:

During the financial year ended 4 July 2021, 100% of the shares in The Instruction Company Pty Ltd were acquired. The Instruction Company is a Registered Training Organisation servicing the rail sector nationally.

The acquisition was completed on 15 September 2020 with a financial effective date of 6 July 2020.

Name of entity	Country of Incorporation	Ownership interest held by the Group		Nature of relationship	Measurement method	Share of operating profits, after tax	
		4 Jul 2021	5 Jul 2020			4 Jul 2021 \$000	5 Jul 2020 \$000
<b>The Instruction Company Pty Ltd</b>	<b>Australia</b>	<b>100%</b>	<b>-</b>	<b>Subsidiary</b>	<b>Consolidated</b>	<b>100</b>	<b>-</b>

#### Loss of control over entities:

Not applicable.

#### Details of interests in significant joint ventures and associates:

Not applicable.

#### Dividend re-investment plans:

Not applicable.

#### Dividends:

	Record Date	Payment Date	Cents per Share	Franked Amount per Share (Cents)
Interim Dividend - 2021	3 March 2021	18 March 2021	1.8	1.8
Final Dividend - 2021	2 September 2021	17 September 2021	2.4	2.4

#### Additional Information:

	2021	2020
Net tangible assets (\$000)	15,613 <sup>1</sup>	14,163 <sup>1</sup>
Shares on Issue	143,975,904	143,975,904
<b>Net tangible assets per share (\$)</b>	<b>0.108</b>	<b>0.098</b>

#### Note:

1. Right-of-use assets have been considered as intangible assets and as such are excluded assets for the purposes of the Net Tangible Assets calculation.

#### Audit qualification or review:

The audited financial statements are attached.



**Ross Shrimpton**

Managing Director

Sydney, 31 August 2021



# Annual Report 2021



**ASHLEY SERVICES GROUP**  
LABOUR HIRE | RECRUITMENT | TRAINING

---

## Ashley Services Group Limited Annual Report 2021

---

CHAIRMAN AND MANAGING DIRECTOR'S REVIEW	5
DIRECTORS' REPORT	8
AUDITOR'S INDEPENDENCE DECLARATION	17
CORPORATE GOVERNANCE STATEMENT	18
DIRECTORS' DECLARATION	19
INDEPENDENT AUDITOR'S REPORT	20
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	25
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	26
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	27
CONSOLIDATED STATEMENT OF CASH FLOWS	28
NOTES TO THE FINANCIAL STATEMENTS	29
ASX ADDITIONAL INFORMATION	69
CORPORATE DIRECTORY	71

---

## Chairman and Managing Director's Review

---



### MR IAN PRATT AND MR ROSS SHRIMPTON

2021 has seen the Ashley Services Group deliver an outstanding result. The adjustments we put in place last year to our systems and operations to cope with a COVID impacted work environment have served us well and played a significant role in our strong performance.

As with the previous year, whilst COVID provided operational challenges for us, in many ways it also created opportunities for growth, particularly in Action Workforce with its high exposure to the supply chain sector.

The year also saw us welcome The Instruction Company (TIC) into the Ashley Services Group family, broadening our offer to the rail sector. In its acquisition year we expanded the geographical footprint of The Instruction Company and look forward to this driving additional growth opportunities for this business well into the future.

Track Safety Australia (TSA) launched in December 2020 leveraging both our long term labour hire pedigree and our rail sector experience gained through Concept Engineering. TSA is a specialist provider for Rail Worksite Protection staff and Rail Safeworking staff.

Following on from our recent announcement of a fully franked final dividend of 2.4 cents per share (Ex-div: 1 Sept 2021; Payment: 17 Sept 2021), this delivers a fully franked full year dividend of 4.2 cents per share for 2021, a 56% increase on the 2020 dividend.

The long delivered impressive safety performance of our company continued throughout 2021 and we remain at world's best practice levels which is something we are extremely proud of.

This years' achievement is a testament to our 270 internal staff who have followed a simple rule of "focus on the customer" which allows everything else to fall into place.

## Chairman and Managing Director's Review

### DISCUSSION ON RESULTS

#### Earnings and result

##### Earnings

Net profit after tax ("**NPAT**") for the financial year ended 4 July 2021, including the full year contribution from the recently acquired The Instruction Company, was a total group profit of \$9.6 million (FY20: profit \$5.1 million)

Key elements within the result include:

##### Revenues

Group Revenue at \$383.7 million increased by \$46.8 million (13.9%) from the comparative period.

Labour Hire revenues were up \$44.4 million (13.5%).

Training revenues were up by \$2.4 million (33%) almost entirely to the first year's revenue from The Instruction Company.

##### Earnings before interest taxes depreciation and amortisation ("**EBITDA**")

Group EBITDA for the financial year was a profit of \$15.5 million, up by \$5.8 million (60%) on the prior corresponding period (FY20: EBITDA of \$9.7 million).

- Labour Hire division EBITDA of \$17.8 million, was up \$5.3 million (43%) on the prior corresponding period (FY20: \$12.5 million), with improvement seen across most brands.
- Training division EBITDA of \$2.0 million was up \$1.2 million or 146% on the prior corresponding period (FY20: \$0.8 million) with all significant geographical locations exhibiting improvement.
- Corporate overheads, at \$4.3 million were up \$0.7 million on prior corresponding period (FY20: \$3.6 million), primarily due to significant increases in the cost of insurance and additional costs related to our strong continued growth and our most recent acquisition.

##### Statement of financial position

Net assets at \$28.5 million were up by \$2.7 million on the prior year (2020: \$25.8 million) effectively reflecting the impact of our dividend policy which has paid out 73% of attributable profit over the past four financial years.

Noteworthy balance sheet movements include:

- Trade and Other Receivables up \$15.0m – June revenues were up \$11.4 million or 40% on the prior year
- Intangible Assets up \$1.5m - TIC Goodwill
- Trade and Other Payables up \$8.9m – in part related to on increased on cost provisions with revenue/wages lift
- Borrowings up \$1.1 million – minimal drawdown to fund increased working capital requirements
- Other Liabilities (Current & Non-current) down \$1.0m – following payment of CCL Contingent Consideration \$1.4m less TIC Contingent Consideration \$0.4m

---

## Chairman and Managing Director's Review

---

### Cash Flow

Operating cash flow was strong in the second half, with an inflow of \$12.4 million for the second half. This more than offset an outflow of \$7.0 million at the half, ending at a \$5.4 million inflow for the year (FY20: \$14.1 million). Relative to 2020 operating cash was down \$9.5 million, due primarily to increased working capital requirements relative to financial year end 2020, with June 2021 revenues up a very pleasing \$11.4 million or 40% on the prior corresponding period.

The overall outflow from investing activities of \$3.2 million was primarily due to the initial payment of \$1.0 million for the TIC acquisition, \$1.4 million in contingent consideration payments made in relation to the CCL acquisition and also capital expenditure of \$0.8 million which was broadly in line with the prior year.

The overall outflow from financing activities of \$7.3 million was primarily due to the combined \$7.3 million dividend payments covering the 2020 final dividend (\$3.9m), the 2021 interim dividend (\$2.6 million), the 2020 CCL final dividend to minority shareholders (\$0.4m) and the 2020 TIC final dividend (\$0.4m).

Overall this delivered a net cash outflow for FY21 of \$5.1 million.

### DIVIDEND

On 27 July 2021 the Group declared a fully franked final dividend of 2.4 cents in relation to the financial year ended 4 July 2021. With a fully franked interim dividend of 1.8 cents previously declared on 28 January 2021, this brings the full year dividend for the financial year ended 4 July 2021 to a total of 4.2 cents, a 56% increase on the dividend for the prior financial year (FY20: 2.7 cents).

### EVENTS SUBSEQUENT TO BALANCE DATE

Other than the dividend announcement outlined above, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

There remains significant uncertainty regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the downturn and the speed of economic recovery. In accordance with AASB 110 Events after the Reporting Date, the Group considered whether events since the end of the financial year confirmed conditions existing before the reporting date. The Group did not identify any subsequent events triggered by COVID-19 related developments, which would require adjustment to the amounts or disclosures in the financial statements. Additionally, no other material non-adjusting subsequent events relating to COVID-19 were identified requiring disclosure in the financial statements. The COVID-19 situation remains fluid and the Group continues to closely monitor the financial effects.



**Ian Pratt**  
Chairman

**Ross Shrimpton**  
Managing Director

## Directors' Report

The Directors present their annual financial report on the consolidated entity, being Ashley Services Group Limited and its controlled entities ("**Group**") for the financial year ended 4 July 2021.

### 1. GENERAL INFORMATION

#### a. Directors

The names of the Directors in office at any time during, or since the end of the year are:

**Table 1: Director Details**

Names		Appointed / Resigned
Mr Ian Pratt	Chairman	Appointed 1 October 2015
Mr Ross Shrimpton	Managing Director	Appointed 12 Oct 2000; Managing Director to 15 Feb 2016, Non-Executive Director 15 Feb 2016 to 23 Jan 2017 and Managing Director from 23 Jan 2017
Mr Chris McFadden	Executive Director	Appointed 6 April 2017 and Company Secretary from 26 August 2020

#### Directors' Information

**Mr Ian Pratt** | Non-Executive Chairman (since 1 October 2015)



**Qualifications** | CA

**Experience** | Ian has over 40 years' experience in the accounting profession and is a Director of a number of Public and Private companies. During this time, he has been involved in the recruitment, finance and property industries, and advises on income tax and related matters. Currently Ian is a Partner at Trood Pratt & Co Chartered Accountants and was previously a Director of Charter Hall Direct Property Management Limited.

Mr Pratt is a Member of Chartered Accountants Australia and New Zealand.

Ian is Chairman of the Nominations, Audit & Risk Management and Remuneration Committees.

**Mr Ross Shrimpton** | Managing Director (since 23 January 2017) (previously Non-Executive Director from 15 February 2016 and Managing Director to 15 February 2016)



**Qualifications** | BComm (UNSW), CA, MAICD

**Experience** | Ross is the founder and Managing Director of Ashley Services Group and has been instrumental in the overall growth and strategic direction of Ashley Services. Ross has over 40 years' experience in finance and management across a number of large international organisations such as CSR/Humes and David Brown, originally commencing his professional career with Deloitte Touche Tohmatsu. Overall, Ross has over 20 years of relevant experience in the labour hire and training industries.

Ross is a Member of Chartered Accountants Australia and New Zealand and a member of the Australian Institute of Company Directors.

Ross is a member of the Nominations, Audit & Risk Management and Remuneration Committees.

**Mr Chris McFadden** | Executive Director (from 6 April 2017) & Company Secretary (from 26 August 2020)



**Qualifications** | BBus (UTS), FCPA, GAICD

**Experience** | Chris was appointed Chief Financial Officer of Ashley Services Group in January 2017 and was appointed Executive Director in April 2017. Chris was formerly CFO at Ross Human Directions Limited (ASX: RHD), a company principally involved in the provision of temporary labour and recruitment services. Chris's previous roles include: CFO of sass & bide, a division of Myer, CFO of Staples Australia, Senior Commercial Manager at Woolworths Limited and Asia Pacific CFO of The Nuance Group.

Chris is a Fellow of CPA Australia and a Graduate of the Australian Institute of Company Directors.

Chris is a member of the Nominations, Audit & Risk Management and Remuneration Committees.

## Directors' Report

### Interests in shares and options

As at the date of this report, the interests of the directors in the shares of Ashley Services Group Limited were:

**Table 2: Shares Held by Directors**

Names	Number of Shares Held	Shareholding %
Mr Ian Pratt	15,060	0.01
Mr Ross Shrimpton	80,279,030	55.76
Mr Chris McFadden	699,999	0.49

### Directorships of other listed companies

Directorships held in other listed companies by the Directors in the three years immediately before the end of the financial year are as follows:

**Table 3: Other Directorships of listed entities**

Name	Company	Date from	Date to
Mr Ian Pratt	Nil	-	-
Mr Ross Shrimpton	Nil	-	-
Mr Chris McFadden	Nil	-	-

#### a. Principal activities

The principal activities of the Group during the financial year were the provision of labour hire (including recruitment) and training services.

#### b. Company secretary

Mr Ron Hollands held the position of Company Secretary for the entire financial year. Ron is a Chartered Accountant and holds a Bachelor of Business from University of Technology, Sydney, an MBA from MGSM and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. Ron has over 25 years' experience in a range of industries including professional practice, financial services and real estate.

Mr Chris McFadden, Executive Director and Chief Financial Officer of the Ashley Services Group Limited was appointed as joint Company Secretary on 26 August 2020.

#### Directors' meetings

Details of meetings of directors (including committees of directors) held in the financial year and attendances by each director are shown in the following table:

**Table 4: Meeting Attendance**

	Board Meetings		Audit & Risk Management Committee Meetings		Remuneration Committee Meetings		Nomination Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Ian Pratt	6	6	2	2	1	1	1	1
Mr Ross Shrimpton	6	6	2	2	1	1	1	1
Mr Chris McFadden	6	6	2	2	1	1	1	1

## Directors' Report

### 1. BUSINESS REVIEW

#### a. Operating results

The consolidated profit of the Group attributable to equity holders after providing for income tax amounted to \$9,150,000 (2020: profit \$4,667,000).

#### b. Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Chairman and Managing Director's Review.

#### c. Future developments

Likely developments in the operations of the consolidated entity in future years and the expected results of those operations are referred to generally in the Chairman and Managing Director's Review.

#### d. Events subsequent to reporting date

There have been no matters or circumstances that have arisen since the end of the year that would have significantly affected the group's operations in financial year 2021 except as follows:

On 27 July 2021 the Group declared a fully franked final dividend of 2.4 cents in relation to the financial year ended 4 July 2021, with a payment date of 17 September 2021.

There remains significant uncertainty regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the downturn and the speed of economic recovery. In accordance with AASB 110 Events after the Reporting Date, the Group considered whether events since the end of the financial year confirmed conditions existing before the reporting date. The Group did not identify any subsequent events triggered by COVID-19 related developments, which would require adjustment to the amounts or disclosures in the financial statements. Additionally, no other material non-adjusting subsequent events relating to COVID-19 were identified requiring disclosure in the financial statements. The COVID-19 situation remains fluid and the Group continues to closely monitor the financial effects.

#### e. Ongoing Litigation

Ashley Services Group Limited (ASH) has no current ongoing litigation.

### 2. OTHER INFORMATION

#### a. Options

There are no unissued ordinary shares that are either under option at the date of this report or have been exercised during the year.

#### b. Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The current auditor, HLB Mann Judd Assurance (NSW) Pty Ltd, did not provide any non-audit services during the year ended 4 July 2021.

Details of the amounts paid to HLB Mann Judd for audit services provided during the year are outlined in Note 4 to the financial statements.

#### c. 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 on page 17 and forms part of this report.

#### d. Environmental issues

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

#### e. Indemnifying officers or auditors

##### Insurance of officers

During the financial year, Ashley Services Group Limited paid a premium to insure the directors, secretaries and officers of the Group and its Australian entities.

The insurance policies prohibit disclosure of the premiums payable under the policies and details of the insured liabilities.

#### f. 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 Group, or to intervene in any proceedings to which the Group is a party, for

## Directors' Report

the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

### g. Rounding off of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, amounts in the financial report are rounded off to the nearest thousand dollars unless otherwise indicated.

### 3. REMUNERATION REPORT – AUDITED

The directors of Ashley Services Group Limited present the remuneration report for Non-Executive Directors, Executive Directors and other key management personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

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

- key management personnel;
- principles used to determine the nature and amount of remuneration;
- Non-Executive Director remuneration;
- details of remuneration;
- executive service agreements;
- share-based compensation; and
- additional information.

#### a. Key management personnel

The following persons acted as Directors of the Group or as key management personnel during the financial year:

##### Executive Directors:

- Ross Shrimpton
- Chris McFadden

##### Non-Executive Directors:

- Ian Pratt

##### Other key management personnel:

- Paul Rixon (General Manager, Labour Hire)

Key management personnel include both the Directors and other key management personnel named above.

#### b. Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure that reward for

performance is competitive and appropriate for the results delivered. The framework seeks to align executive reward with achievement of strategic objectives and the creation of value for shareholders.

The Board seeks to ensure that executive reward satisfies the following key criteria for good reward governance practices:

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

#### Alignment of shareholders' interest

- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering a return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high-calibre executives.

#### Alignment to program participants' interests

- rewards capability and experience;
- provides a clear structure for earning rewards; and
- provides recognition for contribution to the business.

The framework provides a mix of fixed and variable pay, including short term incentives.

The Board has established a Remuneration Committee which provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executives and Directors. The Corporate Governance Statement provides further information on the role of this committee.

#### Executive pay

The executive pay and reward framework has three components:

- base pay and benefits, including superannuation; and
- short-term performance incentives, provided in cash.

## Directors' Report

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

**Table 5: Key components of senior executive remuneration framework in place during the year ended 4 July 2021.**

Fixed Remuneration/Base Pay	Short Term Incentive (STI)
<ul style="list-style-type: none"> <li>Base pay is determined by reference to appropriate benchmark information, taking into account an individual's responsibilities, performance, qualifications and experience, the broad objective being to pitch fixed remuneration at median market levels.</li> </ul>	<ul style="list-style-type: none"> <li>'At risk' award opportunity for the achievement of annual performance objectives linked to annual financial targets and non-financial goals set by individual.</li> </ul>
<ul style="list-style-type: none"> <li>Base pay is structured as a package, which may be delivered as a mix of cash and other benefits, such as the provision of a motor vehicle, at the executive's discretion.</li> </ul>	<ul style="list-style-type: none"> <li>Financial targets in line with budgets set for the individual's area of influence for the financial year, coupled with non-financial key performance measures.</li> </ul>
<ul style="list-style-type: none"> <li>There are no guaranteed base pay increases in any executives' employment contracts.</li> </ul>	<ul style="list-style-type: none"> <li>Paid in cash within 30 days of finalisation of Audited Annual Report.</li> </ul>

**Table 6: Key features of the senior executive STI plan for FY21**

Overview of the senior executive STI plan							
Who participates in the Senior Executive STI plan?	Senior executives participate in the senior executive STI plan.						
How much can executives earn?	STI opportunity for senior executives ranges from zero to 100% of target STI for significant out-performance.						
Thresholds and performance conditions							
Is there a threshold level of performance required?	Yes. There are threshold levels for EBITDA that must be met to receive an STI payment. Achievement of the thresholds does not automatically entitle executives to an STI award. Financial performance measures must also be met to earn an STI payment.						
What are the performance conditions?	<table border="1"> <thead> <tr> <th>Measures</th> <th>Senior Executives</th> </tr> </thead> <tbody> <tr> <td><b>Financial measures</b> (80% of STI opportunity)</td> <td>                     Assessed against:                     <ul style="list-style-type: none"> <li>Budget EBITDA for the individual's area of influence for the financial year.</li> <li>20% payable for achievement of 80% of budget. Remaining 80% payable on a straight-line pro rata basis for performance from 80% to 130% of budget.</li> </ul> </td> </tr> <tr> <td><b>Non-Financial measures</b> (20% of STI opportunity)</td> <td> <ul style="list-style-type: none"> <li>Individually set Key Performance Indicators.</li> </ul> </td> </tr> </tbody> </table>	Measures	Senior Executives	<b>Financial measures</b> (80% of STI opportunity)	Assessed against: <ul style="list-style-type: none"> <li>Budget EBITDA for the individual's area of influence for the financial year.</li> <li>20% payable for achievement of 80% of budget. Remaining 80% payable on a straight-line pro rata basis for performance from 80% to 130% of budget.</li> </ul>	<b>Non-Financial measures</b> (20% of STI opportunity)	<ul style="list-style-type: none"> <li>Individually set Key Performance Indicators.</li> </ul>
	Measures	Senior Executives					
<b>Financial measures</b> (80% of STI opportunity)	Assessed against: <ul style="list-style-type: none"> <li>Budget EBITDA for the individual's area of influence for the financial year.</li> <li>20% payable for achievement of 80% of budget. Remaining 80% payable on a straight-line pro rata basis for performance from 80% to 130% of budget.</li> </ul>						
<b>Non-Financial measures</b> (20% of STI opportunity)	<ul style="list-style-type: none"> <li>Individually set Key Performance Indicators.</li> </ul>						
Setting and assessing performance							
Who sets and assesses performance?	The MD sets and assesses performance and short term incentive outcomes for senior executives with guidance from the Remuneration Committee. The Remuneration Committee sets the targets for MD and assesses performance against those targets.						
How is the STI delivered?	100% of any STI award is paid in cash within 30 days of finalisation of the audited Annual Report.						

## Directors' Report

### STI plan for the financial year ended 3 July 2022

The remuneration committee has approved a similar Short Term Incentive (STI) plan for the year ended 3 July 2022, based upon budget targets for that annual period.

#### c. Non-executive Director remuneration and Board performance review

Non-executive Directors' remuneration are reviewed annually and are determined by the Board based on recommendations from the Remuneration Committee. In making its recommendations, the Remuneration Committee takes into account remuneration paid to other non-executive Directors of comparable companies and where necessary will seek external advice. No remuneration consultants were used during the financial year.

In accordance with the Company's Constitution, the Directors are entitled to receive an annual fee and for participation in Board sub-committees. For non-executive Directors, fees are not linked to performance.

The Company does not operate equity plans for non-executive Directors.

Non-executive Directors are entitled to statutory superannuation included as part of their Directors' fees. There are no other schemes for retirement benefits for non-executive Directors.

#### d. Details of remuneration

Details of remuneration of the Directors and other key management personnel of Ashley Services Group are set out in the tables on pages 13 to 15.

The key management personnel of Ashley Services Group are listed in the table below. The key management personnel have authority and responsibility for planning, directing and controlling activities of the Group.

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in a service agreement. The major provisions of the agreements relating to remuneration are set out below:

**Table 8: Executive and Key Management Personnel Service Agreements**

Name	Base Salary \$ <sup>1</sup>	Target STI % <sup>2</sup>	Target LTI % <sup>2, 3</sup>	Term of agreement	Notice Period
Ross Shrimpton	450,000	-	-	Ongoing	6 months
Chris McFadden	450,000	50	50	Ongoing	6 months
Paul Rixon	291,748	50	50	Ongoing	6 months

**Note:**

1. Base salary is on an annual basis and includes superannuation contributions.
2. Maximum annual award as a percentage of annual salary.
3. This plan has been suspended since the financial year ended 30 June 2017.

## Directors' Report

**Table 9: Statutory key performance indicators of the group over the last five years**

	2021	2020	2019	2018	2017
Profit / (Loss) for the year attributable to shareholders (\$000)	<b>9,150</b>	4,667	5,424	4,789	(5,969)
Basic earnings per share (cents)	<b>6.36</b>	3.24	3.77	3.33	(4.08)
Dividend payments (\$000) <sup>1</sup>	<b>6,047</b>	3,887	3,887	3,600	-
Dividend payout ratio (%)	<b>66.1</b>	83.3	71.7	75.1	-
Increase / (decrease) in share price (%) <sup>2</sup>	<b>92.3</b>	0.0	33.3	204.7	(70.9)
Total KMP incentives as percentage of profit/(loss) for the year (%)	<b>1.5</b>	4.1	6.1	3.1	-

**Note:**

- 2021 Final Dividend declared 27 July 2021 in relation to the 2021 financial year, with payment date of 17 September 2021.  
2021 Interim Dividend declared 28 January 2021 in relation to the 2021 financial year, with payment date of 18 March 2021.  
2020 Dividend declared 27 July 2020 in relation to the 2020 financial year, with payment date of 11 September 2020.  
2019 Dividend declared 9 August 2019 in relation to the 2019 financial year, with payment date of 6 September 2019.  
2018 Dividend declared 26 July 2018 in relation to the 2018 financial year, with payment date of 17 August 2018.
- Increase/(decrease) in share price (%) is year-end share price relative to prior year-end.

**Table 10: 2021 – Remuneration of Key Management Personnel**

2021	ST <sup>1</sup> employee benefits			PE <sup>2</sup>	LT <sup>3</sup>	Total <sup>4</sup>	Performance based Remuneration
	Cash salary & fees	Salary non-cash	ST <sup>1</sup> employee bonus	benefits	employee benefit		
Name	\$	\$	\$	Super-annuation	\$	\$	%
<b>Non-executive Directors</b>							
Ian Pratt <sup>5</sup>	205,480	-	-	19,520	-	<b>225,000</b>	-
<b>Executive Director</b>							
Ross Shrimpton	428,306	-	-	21,694	-	<b>450,000</b>	-
Chris McFadden	428,306	-	81,096	21,694	-	<b>531,096</b>	15.3
<b>Other key management personnel</b>							
Paul Rixon	270,054	-	54,049	21,694	-	<b>345,797</b>	15.6
<b>Total</b>	<b>1,332,146</b>	-	<b>135,145</b>	<b>84,602</b>	-	<b>1,551,893</b>	<b>8.7</b>

**Note:**

- ST – Short-term.
- PE – Post-employment.
- LT – Long-term. As all previous LTI performance hurdles have now lapsed no expense has been recognised in the profit and loss account for the year ended 4 July 2021.
- Amounts included in the above table include amounts paid to key management from all entities.
- During the year tax advisory fees have also been paid to Trood Pratt & Co (Company in which Ian Pratt is a Partner). Refer to Note 31. Related Party Transactions for further details.

## Directors' Report

**Table 11: 2020 – Remuneration of Key Management Personnel**

2020	ST <sup>1</sup> employee benefits			PE <sup>2</sup>	LT <sup>3</sup>	Total <sup>4</sup>	Performance based Remuneration
	Cash salary & fees	Salary non-cash	ST <sup>1</sup> employee bonus	Super-annuation	employee benefit		
Name	\$	\$	\$	\$	\$	\$	%
<b>Non-executive Directors</b>							
Ian Pratt <sup>5</sup>	205,480	-	-	19,520	-	<b>225,000</b>	-
<b>Executive Director</b>							
Ross Shrimpton	428,997	-	-	21,003	-	<b>450,000</b>	-
Chris McFadden	428,997	-	118,293	21,003	-	<b>568,293</b>	20.8
<b>Other key management personnel</b>							
Paul Rixon <sup>6</sup>	273,336	-	71,760	21,003	-	<b>366,099</b>	19.6
<b>Total</b>	<b>1,336,810</b>	-	<b>190,053</b>	<b>82,529</b>	-	<b>1,609,392</b>	<b>11.8</b>

**Note:**

1. ST – Short-term.
2. PE – Post-employment.
3. LT – Long-term. As all previous LTI performance hurdles have now lapsed no expense has been recognised in the profit and loss account for the year ended 5 July 2020.
4. Amounts included in the above table include amounts paid to key management from all entities.
5. During the year tax advisory fees have also been paid to Trood Pratt & Co (Company in which Ian Pratt is a Partner). Refer to Note 31. Related Party Transactions for further details.
6. Novated car lease refund of \$4,715 included in these figures.

### Other transactions with key management personnel

Information on share-based payments and other transactions with key management personnel is set out on the previous pages.

#### e. Shares held by key management personnel

The number of ordinary shares in the Company during the 2021 reporting period held by each of the Group's key management personnel, including their related parties are set out below:

**Table 12: Shares held by Key Management Personnel**

Name	Balance at start of the year	Shares Disposed	Change from KMP	Balance at end of the year
Ian Pratt	15,060	-	-	15,060
Ross Shrimpton	80,279,030	-	-	80,279,030
Chris McFadden	630,630	-	69,369 <sup>1</sup>	699,999
Paul Rixon	41,416	-	54,823	96,239
<b>Total</b>	<b>80,966,136</b>	-	<b>124,192</b>	<b>81,090,328</b>

**Note:**

1. The changes in Chris McFadden's holding are as advised to the ASX on 30 October 2020 following an on-market purchase through a director related entity – Christoula Pty Limited ATF Christoula Superannuation Fund.

## Directors' Report

---

### f. Executive service agreements

On appointment to the Board, all non-executive Directors sign a letter of appointment with the Company. The letter summarises the terms including compensation, relevant to the office of Director.

All contracts with executives may be terminated by either party with a notice period as outlined in Table 8. Executives are typically restricted for twelve months after termination from conducting or engaging in competing businesses and from solicitation of customers and employees of the Company.

End of audited Remuneration Report.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the *Corporations Act 2001*.



**Ian Pratt**

Chairman

Sydney, 31 August 2021

**Auditor's Independence Declaration**

As lead auditor for the audit of the consolidated financial report of Ashley Services Group Limited for the year ended 4 July 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to Ashley Services Group Limited and the entities it controlled during the period.



**Sydney, NSW**  
**31 August 2021**

**S P James**  
**Director**

**hlb.com.au**

**HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215**

Level 19, 207 Kent Street Sydney NSW 2000 Australia

**T:** +61 (0)2 9020 4000 **F:** +61 (0)2 9020 4190 **E:** mailbox@hlbnsw.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd is a member of HLB International, the global advisory and accounting network.

## Corporate Governance Statement

A Corporate Governance Statement has been adopted by the Board on 27 August 2021 and can be found at

<http://www.ashleyservicesgroup.com.au/investor-centre/corporate-governance/>

The Board has adopted a suite of governance materials which are available in the Corporate Governance section of the Company's website ([www.ashleyservicesgroup.com.au](http://www.ashleyservicesgroup.com.au)), under "Investor Centre". The governance materials have been prepared and adopted on the basis that corporate governance procedures can add to the performance of the Company and the creation of shareholder value, and help to engender the confidence of the investment market.

### Diversity

To date, the board or a committee have not set measurable objectives for achieving gender diversity and to assess annually both the objectives and the company's progress in achieving them.

The Company provides the following information on the proportion of women employees in the whole

organisation, women in Senior Executive positions and women on the Board of the Company.

	Female	Male
Directors & Senior Management	34%	66%
Corporate & Administration	83%	17%
Labour Hire	66%	34%
Recruitment	87%	13%
Training	51%	49%
<b>Total</b>	<b>60%</b>	<b>40%</b>

During the financial year ending 4 July 2021 the Company submitted its annual report to the Workplace Gender Equality Agency and is again compliant with the *Workplace Gender Equality Act 2012* (Act).

The performance of the Board and Senior Executives in the 2021 financial year has been reviewed against both quantitative and qualitative measures and Directors and Senior Executives provided feedback on the discharge of their responsibilities.

---

## Directors' Declaration

---

1. In the opinion of the Directors of Ashley Services Group Limited:
  - a. The consolidated financial statements and notes of Ashley Services Group Limited are in accordance with the *Corporations Act 2001*, including:
    - i. Giving a true and fair view of its financial position as at 4 July 2021 and of its performance for the financial year ended on that date; and
    - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
  - b. There are reasonable grounds to believe that Ashley Services Group Limited will be able to pay its debts as and when they become due and payable; and
  - c. 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 30 to the financial statements.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer for the financial year ended 4 July 2021.
3. Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.



**Ian Pratt**  
Chairman

Sydney, 31 August 2021

## Independent Auditor's Report to the Members of Ashley Services Group Limited

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT

#### Opinion

We have audited the financial report of Ashley Services Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 4 July 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 4 July 2021 and of their financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

**hlb.com.au**

**HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215**

Level 19, 207 Kent Street Sydney NSW 2000 Australia

**T:** +61 (0)2 9020 4000 **F:** +61 (0)2 9020 4190 **E:** mailbox@hlbnsw.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd is a member of HLB International, the global advisory and accounting network.

---

**Key Audit Matter**
**How our audit addressed the key audit matter**


---

**Revenue Recognition**

 Refer to Note 1 (Summary of significant accounting policies) and Note 2 (Revenue and other income)
 

---

Labour hire revenue is the most significant account balance in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Total revenue and other income of \$384.0 million comprises a number of streams including:

- labour hire revenue (\$374.0 million);
- training revenue (\$9.7 million); and
- other income (\$0.3 million).

We focussed on this matter due to the size and magnitude of labour hire revenue, as well as the higher level of inherent risk due to the manual processes for inputting, calculating, reviewing, and recording of the labour hire revenue.

We assessed whether the Group's accounting policies were in compliance with Australian Accounting Standards and specifically whether revenue had been recognised in accordance with accounting standard AASB 15 *Revenue from Contracts with Customers*.

We tested the Group's process for recognising labour hire revenue.

We tested labour hire revenue recognised in the period by agreeing to timesheets, payroll reports, amounts billed and subsequently received.

We tested the process for raising and authorising credit notes throughout the financial year and immediately subsequent to year end.

We compared the accuracy of hours on-billed as labour hire revenue to amounts paid to employees, refer to employment costs below.

We tested the correct cut-off and accrual of labour hire revenue at year end.

---

**Employment Costs**

 Refer to Note 1 (Accounting policies)
 

---

Employment costs, both internal and allocated externally, is one of the most significant account balances in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Total employment costs amount to \$360.9 million.

We focussed on this matter due to the size and magnitude of employment costs, as well as the higher level of inherent risk due to the manual processes for the volume of inputting, calculating, reviewing, and recording of the employment costs.

We tested the Group's process for recognising employment costs.

We tested the controls surrounding the authorisation of changes in employee details, such as pay rates.

We tested employment costs recognised in the period by agreeing to timesheets, payroll reports, and amounts subsequently paid.

We analytically reviewed the labour hire margins from the current and prior year.

We tested the cut-off and accrual of employment costs at year end.

We tested whether PAYG amounts were deducted and subsequently paid to the Australian Taxation Office.

We tested superannuation amounts paid by recalculation and comparison to gross wages. We tested the subsequent payment to the superannuation clearing house.

---

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Carrying Value of Goodwill</b> Refer to Note 13 (Intangible assets) and Note 14 (Impairment)</p> <p>The Group recognised Goodwill of \$10.7m as at 4 July 2021 in relation to the Labour Hire and training divisions. This Goodwill arose on acquisition of subsidiary companies during the current year (Note 26) and prior years.</p> <p>As required by Australian Accounting Standards the Group tested this Goodwill for impairment, at 4 July 2021.</p> <p>The Group determined the recoverable amount using value in use calculations for the relevant cash generating units (“CGU”) being that of Labour Hire and Training, which involved a significant level of judgement in respect of factors such as:</p> <ul style="list-style-type: none"> <li>• Estimated future revenues and costs;</li> <li>• Discount rates; and</li> <li>• Terminal values.</li> </ul> <p>We considered this to be a key audit matter due to the significant judgement involved in estimating the recoverable amount of the Goodwill and the potentially material impact on the financial report.</p>	<p>We evaluated the Group’s goodwill impairment assessment process;</p> <p>We obtained the Group’s value in use models and considered the assumptions applied by management;</p> <p>We assessed the accuracy of previous Group forecasting to inform our evaluation of forecasts included in the value in use models. We applied increased scepticism to current period forecasts in areas where previous forecasts were not achieved and /or where future uncertainty is greater or volatility is expected;</p> <p>We challenged discount and terminal value multiples by comparing these with rates used by comparable companies.</p> <p>We compared forecast revenues and costs to historical results;</p> <p>We tested the mathematical accuracy of the impairment models used by management;</p> <p>We performed sensitivity analysis on the Labour Hire and Training CGU in relation to the discount rate and terminal value multiple assumptions, and profit forecasts;</p> <p>We assessed the Group’s disclosures of the quantitative and qualitative considerations in relation to the valuation of goodwill, by comparing these disclosures to our understanding of the assets.</p>

### Information Other than the Financial Report and Auditor’s Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group’s Annual Report for the year ended 4 July 2021, but does not include the financial report and our auditor’s report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

### Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such

internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

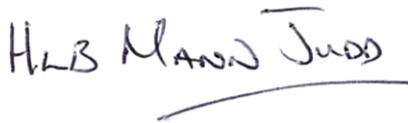
### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 11 to 16 of the directors' report for the year ended 4 July 2021.

In our opinion, the Remuneration Report of Ashley Services Group Limited for the year ended 4 July 2021 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.



**HLB Mann Judd Assurance (NSW) Pty Ltd**  
**Chartered Accountants**

**Sydney, NSW**  
**31 August 2021**



**S P James**  
**Director**

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 4 July 2021

	Note	4 Jul 2021 \$000	5 Jul 2020 \$000
Revenue	2	383,672	336,841
Other income	2	334	2,040
Employment costs		(360,928)	(321,668)
Depreciation and amortisation expense	3	(1,785)	(2,068)
Finance costs	3	(648)	(713)
Other expenses		(7,298)	(7,387)
<b>Profit before income tax from continuing operations</b>		<b>13,347</b>	<b>7,045</b>
Income tax expense	5	3,737	1,976
<b>Profit for the year from continuing operations</b>		<b>9,610</b>	<b>5,069</b>
Profit / (Loss) for the year from discontinued operations		-	-
<b>Profit for the year</b>		<b>9,610</b>	<b>5,069</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>9,610</b>	<b>5,069</b>
<b>Total comprehensive income for the year is attributable to:</b>			
Shareholders of Ashley Services Group Limited		9,150	4,667
Non-controlling interests		460	402
		<b>9,610</b>	<b>5,069</b>
<b>Basic earnings per share (cents) from continuing operations</b>	<b>23</b>	<b>6.36</b>	<b>3.24</b>
<b>Diluted earnings per share (cents) from continuing operations</b>	<b>23</b>	<b>6.36</b>	<b>3.24</b>
<b>Basic earnings per share (cents) from discontinued operations</b>	<b>23</b>	<b>0.00</b>	<b>0.00</b>
<b>Diluted earnings per share (cents) from discontinued operations</b>	<b>23</b>	<b>0.00</b>	<b>0.00</b>
<b>Basic earnings per share (cents) Total</b>	<b>23</b>	<b>6.36</b>	<b>3.24</b>
<b>Diluted earnings per share (cents) Total</b>	<b>23</b>	<b>6.36</b>	<b>3.24</b>

*The accompanying notes form part of these financial statements.*

## Consolidated Statement of Financial Position

For the financial year ended 4 July 2021

	Note	4 Jul 2021 \$'000	5 Jul 2020 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	2,969	8,063
Trade and other receivables	8	44,421	29,418
Contract assets	9	791	154
Other assets	10	2,035	1,745
<b>Total current assets</b>		<b>50,216</b>	<b>39,380</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	1,247	1,060
Right-of-use assets	12	2,042	2,345
Deferred tax assets	15	5,709	4,694
Intangible assets	13, 14	10,848	9,322
Other assets		111	92
<b>Total non-current assets</b>		<b>19,957</b>	<b>17,513</b>
<b>Total assets</b>		<b>70,173</b>	<b>56,893</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	27,391	18,517
Borrowings	19	1,090	-
Current tax payable	15	1,083	1,634
Dividends payable		460	400
Lease liabilities	17	888	723
Other liabilities	18	1,220	1,412
Provisions	20	3,387	2,453
<b>Total current liabilities</b>		<b>35,519</b>	<b>25,139</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	15	2,341	764
Lease liabilities	17	1,324	1,716
Other liabilities	18	1,973	2,762
Provisions	20	514	682
<b>Total non-current liabilities</b>		<b>6,152</b>	<b>5,924</b>
<b>Total liabilities</b>		<b>41,671</b>	<b>31,063</b>
<b>Net assets</b>		<b>28,502</b>	<b>25,830</b>
<b>Equity</b>			
Share capital	21	148,815	148,815
Common control reserve	22	(59,261)	(59,261)
Accumulated losses		(61,052)	(63,724)
<b>Total equity</b>		<b>28,502</b>	<b>25,830</b>

*The accompanying notes form part of these financial statements.*

## Consolidated Statement of Changes in Equity

For the financial year ended 4 July 2021

	Share Capital \$000	Common Control Reserve \$000	Accumulated Losses \$000	Non- controlling Interest \$000	Total \$000
<b>For the year ended 4 July 2021</b>					
<b>Balance at 6 July 2020</b>	<b>148,815</b>	<b>(59,261)</b>	<b>(63,724)</b>	-	<b>25,830</b>
Profit for the period	-	-	9,150	460	9,610
Other comprehensive income for the year	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	<b>9,150</b>	<b>460</b>	<b>9,610</b>
Dividends paid	-	-	(6,479)	(460)	(6,939)
<b>Balance at 4 July 2021</b>	<b>148,815</b>	<b>(59,261)</b>	<b>(61,052)</b>	-	<b>28,502</b>
<b>For the year ended 5 July 2020</b>					
<b>Balance at 1 July 2019</b>	<b>148,815</b>	<b>(57,687)</b>	<b>(64,504)</b>	-	<b>26,624</b>
Profit for the period	-	-	4,667	402	5,069
Other comprehensive income for the year	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	<b>4,667</b>	<b>402</b>	<b>5,069</b>
Recognition of non-controlling interest of CCL Group	-	-	-	397	397
Derecognition of non-controlling interest of CCL Group	-	399	-	(399)	-
Other equity	-	(1,973)	-	-	(1,973)
Dividends paid	-	-	(3,887)	(400)	(4,287)
<b>Balance at 5 July 2020</b>	<b>148,815</b>	<b>(59,261)</b>	<b>(63,724)</b>	-	<b>25,830</b>

*The accompanying notes form part of these financial statements.*

## Consolidated Statement of Cash Flows

For the financial year ended 4 July 2021

	Note	4 Jul 2021 \$000	5 Jul 2020 \$000
<b>Operating activities</b>			
Receipts from customers		411,146	371,567
Payments to suppliers and employees		(401,767)	(354,693)
Interest received		116	22
Interest paid		(448)	(620)
Income taxes paid		(3,624)	(2,151)
<b>Net cash from continuing operations</b>		<b>5,423</b>	<b>14,125</b>
<b>Net cash used in discontinued operations</b>		<b>-</b>	<b>-</b>
<b>Net cash from operating activities</b>	<b>25</b>	<b>5,423</b>	<b>14,125</b>
<b>Investing activities</b>			
Payments for property, plant and equipment in continuing operations		(679)	(502)
Payments for intangibles		(114)	(198)
Proceeds from sale of property, plant and equipment		19	139
CCL Group earn-out payment		(798)	-
CCL Group retention payment		(600)	-
Payments for businesses acquired net of cash acquired	<b>26</b>	(1,011)	(4,812)
<b>Net cash used in investing activities</b>		<b>(3,183)</b>	<b>(5,373)</b>
<b>Financing activities</b>			
Net proceeds/(repayment) from/(of) external borrowings in continuing operations		1,090	-
Repayment of leasing liabilities		(1,081)	(966)
Dividends paid		(7,343)	(6,507)
<b>Net cash used in financing activities</b>		<b>(7,334)</b>	<b>(7,473)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(5,094)</b>	<b>1,279</b>
Cash and cash equivalents at beginning of the financial year		8,063	6,784
<b>Cash and cash equivalents at end of the financial year</b>	<b>7</b>	<b>2,969</b>	<b>8,063</b>

*The accompanying notes form part of these financial statements.*

## Notes to the Financial Statements

### Table of Contents

1.	ACCOUNTING POLICIES	31
2.	REVENUE AND OTHER INCOME	39
3.	EXPENSES	40
4.	AUDITOR'S REMUNERATION	40
5.	INCOME TAX EXPENSE	41
6.	KEY MANAGEMENT PERSONNEL DISCLOSURES	41
7.	CASH AND CASH EQUIVALENTS	42
8.	TRADE AND OTHER RECEIVABLES	42
9.	CONTRACT ASSETS	43
10.	OTHER ASSETS	43
11.	PROPERTY, PLANT AND EQUIPMENT	44
12.	RIGHT-OF-USE ASSETS	45
13.	INTANGIBLE ASSETS	45
14.	IMPAIRMENT	46
15.	TAX BALANCES	48
16.	TRADE AND OTHER PAYABLES	49
17.	LEASE LIABILITIES	49
18.	OTHER LIABILITIES	50
19.	BORROWINGS	50
20.	PROVISIONS	51
21.	SHARE CAPITAL	52
22.	COMMON CONTROL RESERVE	52
23.	EARNINGS PER SHARE	52
24.	SEGMENT INFORMATION	53
25.	CASH FLOW INFORMATION	54
26.	BUSINESS COMBINATION	55
27.	FAIR VALUE MEASUREMENT	56
28.	CONTROLLED ENTITIES	59
29.	PARENT ENTITY DISCLOSURES	61
30.	DEED OF CROSS GUARANTEE	62



---

## Notes to the Financial Statements

---

31.	RELATED PARTY TRANSACTIONS -----	65
32.	SECURED AND CONTINGENT LIABILITIES -----	65
33.	FINANCIAL INSTRUMENTS -----	65
34.	EVENTS AFTER THE REPORTING DATE -----	68
35.	DIVIDENDS -----	68

## Notes to the Financial Statements

### 1. ACCOUNTING POLICIES

#### a. General information

The financial statements for the financial year ended 4 July 2021 cover Ashley Services Group Limited and its controlled entities (“**Ashley Services**” or the “**Group**”). Ashley Services Group is a public Company listed on the Australian Securities Exchange (trading under the symbol “**ASH**”), incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the consolidated financial statements. The accounting policies have been consistently applied unless otherwise stated.

#### b. Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board. The consolidated financial statements of the Group also comply with International Financial Reporting Standards (‘IFRS’) adopted by the International Accounting Standards Board. The Group is a for-profit entity for the purposes of preparing the financial statements.

The consolidated financial statements were authorised for issue by the Board of Directors on 31 August 2021.

#### c. Basis of preparation

##### Historical cost

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities as disclosed in this note. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

#### Coronavirus (COVID-19) pandemic

The World Health Organisation declared a global pandemic in March 2020 as a result of the COVID-19. The impact of the crisis has had a significant economic impact. The critical accounting estimates and judgements of the Group have required additional consideration and analysis due to the impact of COVID-19. Given the uncertainty of the extent of the impact of the pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Group’s assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the financial year, the impacts of events that arise after the reporting period will be accounted for in future reporting periods.

#### Rounding

In accordance with ASIC Corporations (Rounding in Financial / Directors’ Reports) Instrument 2016/191, amounts in the financial report are rounded off to the nearest thousand dollars unless otherwise indicated.

#### d. Going concern

The consolidated financial statements have been prepared on a going concern basis.

#### e. Adoption of new, revised or amending Accounting Standards and Interpretations

The Group adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period.

The new, revised or amending Accounting Standards and Interpretations adopted did not have a significant impact on the Group’s financial statements.

#### f. New, revised or amending Accounting Standards and Interpretations issued but not yet mandatory

Any new, revised or amending Accounting Standards and Interpretations that have been published and are not mandatory for 4 July

## Notes to the Financial Statements

2021 reporting periods and have not been early adopted by the Group.

These new, revised or amending Accounting Standards and Interpretations are not expected to have any material impact on the Group's financial report in future reporting periods based on the Group's current activities.

### g. Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and result in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed are recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are recognised as expenses in the statement of profit or loss and other comprehensive income when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

### h. Basis of consolidation

The Group financial statements consolidate those of Ashley Services Group Limited and all

of its subsidiaries as of 4 July 2021. Ashley Services Group Limited controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 4 July 2021.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains or losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

### i. Revenue and other income

Revenue for both labour hire and training services is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the Group undertakes the following:

- i. Identifies the contract with a customer
- ii. Identifies the performance obligations in the contract
- iii. Determines the transaction price which considers estimates of variable consideration and time value of money

## Notes to the Financial Statements

- iv. Allocates the transaction price to the separate performance obligations based on the relative stand-alone selling price of each distinct service to be delivered
- v. Recognises revenue when, or as, each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services promised.

All revenue is stated net of the amount of GST.

### Labour hire

Labour hire revenue is recognised upon delivery of the service to the customers or in the instance of placement fees at the time the employee has been placed. Revenue from a contract to provide labour hire services is recognised over time as services are rendered based predominantly on an hourly rate.

### Training revenue

Revenue from a contract to provide training services is recognised over time as the services are rendered using the percentage of completion method that depicts the transfer to the customer of the services rendered.

### Interest revenue

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

### Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established, usually on declaration of the dividend / distribution.

### Other income

Other income primarily includes State funding employer rebates earned in relation to specified categories of individuals.

### j. Government grants and subsidies

Government grants and subsidies relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

### k. Income tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

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

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

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

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

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

---

## Notes to the Financial Statements

---

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

### Tax consolidation

Ashley Services Group Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. The CCL Group companies being 80% owned are not part of this income tax consolidated group. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'standalone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to head entity. The group notified the Australian Taxation Office that it has formed an income tax consolidation group to apply from 1 July 2003. The income tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contributions to the Group's taxable income.

Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution, to the head entity.

### l. Cash and cash equivalents

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

### m. Trade and other receivables

Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

The recoverability of trade receivables is reviewed on an ongoing basis. Amounts which are determined not to be recoverable are written off by reducing the carrying amount to its recoverable amount, the difference is charged to the statement of profit or loss and other comprehensive income in that period.

Expected credit losses, described in previous years' financial statements of the Group as an allowance for impairment, are measured by the Group by applying a simplified approach which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

### n. Contract assets

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

## Notes to the Financial Statements

### o. Property, plant and equipment

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

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

The depreciable amount of fixed assets is depreciated on a straight line basis, over the useful asset's life to the Group commencing from the time the assets are held ready for use.

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

Class of fixed assets	Depreciation rate
Computer equipment	20 - 33%
Office equipment	20 - 33%
Furniture and fittings	10%
Motor vehicles	18.75 - 25%
Training equipment	33%
Leasehold improvements	20 - 50%

In the case of leasehold improvements, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

The carrying amount of property, plant and equipment is reviewed annually at the end of the reporting period by the Directors to ensure it is not in excess of the recoverable amount of these assets.

The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

Gains or losses on disposals are determined by comparing proceeds with carrying amount.

These gains or losses are recognised immediately in profit or loss.

### p. Intangible assets

#### Goodwill

Goodwill is initially recognised as the difference between the fair value of consideration, and the fair value of net assets acquired less any accumulated impairment losses.

The value of goodwill is recognised on acquisition of the business.

The Group adopts the full goodwill method. The fair value of the interests in the business is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the interests of the business is recognised in the financial statements.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or group of cash-generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains or losses on the disposal of equity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interest in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

#### Other intangibles

Intangibles acquired by the group are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the profit or loss on a straight line basis over the estimated useful life.

Estimated useful life of intangibles is as follows:

Customer relationships	7 years
Licenses	5 years
Intellectual property	
- Course material	5-7 years

Intangible assets, such as Brands, which are deemed to have an indefinite useful life are not amortised, but are assessed for impairment annually, within the CGU to which they are

## Notes to the Financial Statements

attributed. Where impairment is recognised, it is recorded in the profit or loss in the period the impairment is identified.

### q. Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired.

The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell, and its value in use, to the asset's carrying amount. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

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

### r. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

### s. Employee benefits

Provision is made for the Group's liability for the employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee

benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on HQ corporate bonds with terms to maturity that match the expected timing of cash flows.

### t. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### u. 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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

### v. Comparative figures

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

### w. GST

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

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

## Notes to the Financial Statements

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

### x. Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

#### **Significant management judgement**

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

#### ***Determination of Cash Generating Units for purpose of impairment reviews***

Determination of the Cash Generating Units (“CGUs”) for purpose of impairment reviews is a key judgement made by management. Management has undertaken a formal assessment of what constitutes the CGUs, by identifying the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets, being Training and Labour Hire.

#### ***Recognition of deferred tax assets***

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group’s future taxable income against which the deferred tax assets can be utilised.

#### ***Lease term***

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be

included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

#### ***Estimation uncertainty***

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### ***Impairment***

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Both future operating results and discount rates are discussed in Note 14. In 2021, the Group recognised no impairment losses on goodwill and/or other intangible assets (see Note 14).

#### ***Useful lives of depreciable assets***

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

#### ***Allowance for expected credit losses***

The allowance for expected credit losses assessment requires a degree of estimation and

## Notes to the Financial Statements

judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

### ***Incremental borrowing rate***

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate of 3.00% has been estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

### ***Long service leave provisions***

In determining the provision for employees' long service leave, consideration is given to the probability an employee may not satisfy vesting requirements. In doing this, management considers the likelihood of employees reaching a qualifying period of service and adjust the valuation for these estimated probabilities.

### ***Long term incentive plan***

In determining the provision for senior management's long term incentive plan, consideration is given to the probability the required "earnings per share" performance requirement being achieved to be remote, and therefore a provision has not been recognised in relation to this.

### **Coronavirus (COVID-19) pandemic**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the Group operations. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or

subsequently as a result of the Coronavirus (COVID-19) pandemic.

### **y. Dividends**

A liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

### **z. Earnings per share**

#### **Basic earnings per share**

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

#### **Diluted earnings per share**

Diluted earnings per share adjusts the figures used in 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.

## Notes to the Financial Statements

### 2. REVENUE AND OTHER INCOME

	2021 \$000	2020 \$000
<b>Operating activities:</b>		
Labour hire revenue	373,963	329,517
Training revenue	9,709	7,324
	<b>383,672</b>	<b>336,841</b>
<b>Other income:</b>		
Interest received	117	22
Sundry income	217	2,018
	<b>334</b>	<b>2,040</b>

#### a. Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

2021	Labour Hire \$000	Training \$000	Total \$000
<b>Revenue</b>			
From external customers	<b>373,963</b>	<b>9,709</b>	<b>383,672</b>
<b>Timing of revenue recognition</b>			
Services transferred over time	362,024	9,709	371,733
Services transferred at a point in time	11,939	-	11,939
	<b>373,963</b>	<b>9,709</b>	<b>383,672</b>

2020	Labour Hire \$000	Training \$000	Total \$000
<b>Revenue</b>			
From external customers	<b>329,517</b>	<b>7,324</b>	<b>336,841</b>
<b>Timing of revenue recognition</b>			
Services transferred over time	319,820	7,324	327,144
Services transferred at a point in time	9,697	-	9,697
	<b>329,517</b>	<b>7,324</b>	<b>336,841</b>

## Notes to the Financial Statements

### 3. EXPENSES

Profit before income tax from continuing operations includes the following specific expenses:

	2021 \$000	2020 \$000
<b>Depreciation</b>		
Motor vehicles	86	57
Office equipment	347	503
Leasehold improvements	42	144
Land and buildings right-of-use assets	1,067	986
	<b>1,542</b>	<b>1,690</b>
<b>Amortisation</b>		
Customer contracts and relationships – amortisation	108	129
Course material	135	249
	<b>243</b>	<b>378</b>
<b>Finance costs</b>		
Interest and finance charges paid/payable on borrowings	453	544
Interest and finance charges paid/payable on lease liabilities	67	75
Bank fees	128	94
	<b>648</b>	<b>713</b>

### 4. AUDITOR'S REMUNERATION

	2021 \$	2020 \$
<b>Auditor of the parent entity</b>		
Audit and review of financial reports under the <i>Corporations Act 2001</i> - HLB Mann Judd Assurance (NSW) Pty Ltd	154,000	151,000
<b>Total Remuneration</b>	<b>154,000</b>	<b>151,000</b>
<b>Other entities</b>		
In addition to the above, the related entities detailed in Note 28 have also paid fees to the auditor(s) as follows:		
Audit of financial reports - HLB Mann Judd Assurance (NSW) Pty Ltd	55,250	55,500
	<b>55,250</b>	<b>55,500</b>

## Notes to the Financial Statements

### 5. INCOME TAX EXPENSE

#### a. Components of tax expense for continuing operations

	2021 \$000	2020 \$000
Current tax expense	3,363	3,221
Deferred tax – origination and reversal of temporary differences	561	(1,291)
Under / (over) provision of tax in prior year	(184)	84
– Change in tax rate – CCL Group	-	(38)
– Change in tax rate – TIC	(3)	-
<b>Income tax expense</b>	<b>3,737</b>	<b>1,976</b>

#### b. Reconciliation of prima facie tax on profit from ordinary activities to income tax expense

	2021 \$000	2020 \$000
Net profit before tax from continuing operations	13,347	7,045
Prima facie tax expense on net profit from ordinary activities before income tax at 30% (FY20: 30%)	4,004	2,113
Add / (less) Tax effect of:		
– Entertainment	10	22
– Other	3	1
– Change in tax rate – CCL Group	-	(38)
– Change in tax rate – TIC	(3)	-
– Intangible assets	(93)	(206)
– Under / (over) provision of tax in prior year	(184)	84
<b>Income tax expense</b>	<b>3,737</b>	<b>1,976</b>

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

### 6. KEY MANAGEMENT PERSONNEL DISCLOSURES

#### a. Key management personnel compensation for the year was as follows

	2021 \$	2020 \$
Short-term employee benefits	1,467,291	1,526,863
Post-employment benefits	84,602	82,529
<b>Total</b>	<b>1,551,893</b>	<b>1,609,392</b>

#### b. Individual director and key management personnel disclosures

Detailed remuneration disclosures are included in the Directors' Report. The relevant information can be found in the Remuneration section of the Directors' Report on pages 13 to 15, Tables 8 to 11.

## Notes to the Financial Statements

### 7. CASH AND CASH EQUIVALENTS

	2021 \$000	2020 \$000
Cash on hand	2	4
Cash at bank	2,967	8,059
	<b>2,969</b>	<b>8,063</b>

### 8. TRADE AND OTHER RECEIVABLES

	2021 \$000	2020 \$000
<b>Current</b>		
Trade receivables	37,611	27,742
Allowance for expected credit losses	(193)	(406)
Other receivables	7,003	2,082
	<b>44,421</b>	<b>29,418</b>

a. Ageing of trade receivables (before allowing for impairment of receivables) at year end is detailed below

	2021 \$000	2020 \$000
Current	34,514	23,586
Past due 0 – 30 days (not considered impaired)	1,451	1,407
Past due 31 – 60 days (not considered impaired)	469	582
Past due 60+ days (not considered impaired)	984	1,761
Past due 60+ days (considered impaired (b))	193	406
	<b>37,611</b>	<b>27,742</b>

b. The movement in the allowance for expected credit losses in respect of trade receivables is detailed below

	2021 \$000	2020 \$000
Balance at beginning of year	406	10
CCL Group	0	361
Increase/(decrease) in allowance recognised in profit or loss	164	52
Amounts written-off	(377)	(17)
<b>Balance at end of year</b>	<b>193</b>	<b>406</b>

The directors of Ashley Services Group Limited are of the opinion that there has been no material impact on the basis of determining the recoverability of trade and other receivables due to COVID-19 beyond the allowance for expected credit losses already provided for.

## Notes to the Financial Statements

### 9. CONTRACT ASSETS

	2021 \$000	2020 \$000
<b>Current</b>		
Contract assets	791	154
	<b>791</b>	<b>154</b>

### 10. OTHER ASSETS

	2021 \$000	2020 \$000
<b>Current</b>		
Prepayments <sup>1</sup>	1,366	1,240
Deposits	162	-
Bank guarantee <sup>2</sup>	507	505
	<b>2,035</b>	<b>1,745</b>

**Note:**

1. Prepayments include prepaid contract costs of \$543,003 (2020: \$400,983)
2. As at balance date the Group had bank guarantees of \$222,366 relating to property leases. The \$507,158 represents a restricted bank account to cover the Group's total available guarantee facility of \$507,158.

## Notes to the Financial Statements

### 11. PROPERTY, PLANT AND EQUIPMENT

	2021 \$000	2020 \$000
<b>Motor vehicles</b>		
Cost	797	576
Accumulated depreciation	(438)	(387)
	<b>359</b>	<b>189</b>
<b>Office equipment</b>		
Cost	4,781	4,649
Accumulated depreciation	(4,212)	(4,006)
	<b>569</b>	<b>643</b>
<b>Leasehold improvements</b>		
Cost	1,598	1,782
Accumulated depreciation	(1,512)	(1,712)
	<b>86</b>	<b>70</b>
<b>Capital works in progress</b>		
Cost	233	158
	<b>233</b>	<b>158</b>
<b>Total property, plant and equipment</b>	<b>1,247</b>	<b>1,060</b>

#### a. Movement in carrying amounts of property, plant and equipment

2021	Motor vehicles \$000	Office equipment \$000	Leasehold improvements \$000	Capital work in progress \$000	Total \$000
Balance at 6 July 2020	189	643	70	158	1,060
Additions/(transfers)	265	281	58	75	679
Disposals	(9)	(8)	-	-	(17)
Depreciation expense – continuing operations	(86)	(347)	(42)	-	(475)
<b>Balance at 4 July 2021</b>	<b>359</b>	<b>569</b>	<b>86</b>	<b>233</b>	<b>1,247</b>

2020	Motor vehicles \$000	Office equipment \$000	Leasehold improvements \$000	Capital work in progress \$000	Total \$000
Balance at 1 July 2019	32	941	150	17	1,140
CCL Group at 1 July 2019	228	37	5	-	270
Additions/(transfers)	85	199	60	158	502
Disposals	(99)	(31)	(1)	(17)	(148)
Depreciation expense – continuing operations	(57)	(503)	(144)	-	(704)
<b>Balance at 5 July 2020</b>	<b>189</b>	<b>643</b>	<b>70</b>	<b>158</b>	<b>1,060</b>

The Group's property, plant and equipment are encumbered by a fixed and floating charge as security for the group's working capital facility (Refer Note 19).

## Notes to the Financial Statements

### 12. RIGHT-OF-USE ASSETS

	2021 \$000	2020 \$000
Land and buildings	4,095	3,331
Accumulated depreciation	(2,053)	(986)
	<b>2,042</b>	<b>2,345</b>

**Note:**

- Additions to the right-of-use assets during the year were \$764,514.
- The Group leases land and buildings for its offices under agreements of between 1 to 5 years with, in some cases options to extend.

### 13. INTANGIBLE ASSETS

	2021 \$000	2020 \$000
<b>Goodwill</b>		
Cost	71,558	65,256
Acquisition CCL Group	-	6,302
Acquisition TIC	1,654	-
Impairment (note 14)	(62,474)	(62,474)
<b>Net carrying value</b>	<b>10,738</b>	<b>9,084</b>
<b>Customer relationships/Licences</b>		
Cost	2,062	2,062
Impairment (note 14)	(918)	(918)
Accumulated amortisation	(1,144)	(1,036)
<b>Net carrying value</b>	<b>-</b>	<b>108</b>
<b>Brand names</b>		
Cost	4,640	4,640
Impairment (note 14)	(4,640)	(4,640)
<b>Net carrying value</b>	<b>-</b>	<b>-</b>
<b>Intellectual property</b>		
Cost	8,445	8,330
Impairment (note 14)	(3,896)	(3,896)
Accumulated amortisation	(4,439)	(4,304)
<b>Net carrying value</b>	<b>110</b>	<b>130</b>
<b>Total intangible assets</b>	<b>10,848</b>	<b>9,322</b>

#### a. Intangible assets – detailed reconciliation

	Goodwill \$000	Customer Relationships and Licences \$000	Brand Names \$000	Intellectual Property \$000	Total \$000
2021					
Balance at 6 July 2020	9,084	108	-	130	9,322
Acquisition TIC	1,654	-	-	-	1,654
Additions	-	-	-	115	115
Amortisation – continuing operations	-	(108)	-	(135)	(243)
<b>Balance at 4 July 2021</b>	<b>10,738</b>	<b>-</b>	<b>-</b>	<b>110</b>	<b>10,848</b>

## Notes to the Financial Statements

2020	Goodwill \$000	Customer Relationships and Licences \$000	Brand Names \$000	Intellectual Property \$000	Total \$000
Balance at 1 July 2019	2,782	237	-	181	3,200
Acquisition CCL Group	6,302	-	-	-	6,302
Additions	-	-	-	198	198
Amortisation – continuing operations	-	(129)	-	(249)	(378)
<b>Balance at 5 July 2020</b>	<b>9,084</b>	<b>108</b>	<b>-</b>	<b>130</b>	<b>9,322</b>

### 14. IMPAIRMENT

#### a. Impairment

The consolidated entity tests whether goodwill and other intangible assets have suffered any impairment on an annual basis, or more frequently, if required.

All remaining goodwill and other intangibles were confined to the Labour Hire division in the prior year but now includes the Training division in FY21. The Training division now has intangibles again as a result of the acquisition of The Instruction Company in the 2021 financial year.

There were no indicators of impairment in relation to either the Labour Hire division or the Training division at 4 July 2021.

#### Labour Hire division

The recoverable amount of the Labour Hire division has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial forecasts approved by management for FY22 and covering detailed forecasts for a further four years, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flows has been determined by applying a suitable discount rate of 14.0 per cent. Cash flows up to year 5 have been held constant, reflecting the competitive nature of the industry.

Management's key assumption is that revenue for the Labour Hire division will increase by 17% in FY22. EBITDA margin is forecast at 4.9% (before corporate overhead allocations).

#### Training division

The recoverable amount of the Training division has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial forecasts approved by management for FY22 and covering detailed forecasts for a further four years, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flows has been determined by applying a suitable discount rate of 14.0 per cent. Cash flows up to year 5 have been held constant, reflecting the competitive nature of the industry.

Management's key assumption is that revenue for the Training division will increase by 49% in FY22. EBITDA margin is forecast at 16.5% (before corporate overhead allocations).

Long term growth rates after the forecast period and discount rates used were as follows:

	Terminal Growth rates		Pre-tax discount rates	
	4 July 2021	5 July 2020	4 July 2021	5 July 2020
Labour Hire	0%	0%	14.0%	18.7%
Training	0%	N/A	14.0%	N/A

The growth rate reflects management's view of longer-term average growth rates for the respective sectors. The discount rate reflects appropriate adjustments relating to market risk and specific risk factors of each unit.

## Notes to the Financial Statements

The directors of Ashley Services Group Limited are of the opinion that there has been no material impact on the basis of determining the recoverability of the Labour Hire or Training division due to COVID-19.

### b. Impairment charges

As a result of the analysis, there is no need for any impairment charges in the FY21 results. The same analysis in the prior year resulted in no impairment charge being recorded in the FY20 results.

Movements in the net carrying amount of goodwill and other intangibles are presented in note 13.

The amount of goodwill, brand names and other intangibles remaining by CGU and subject to future impairment testing is as follows:

2021	Goodwill \$'000	Customer Relationships/ Licences \$'000	Brand Names \$'000	Intellectual Property \$'000	Total \$'000
Training	1,654	-	-	110	<b>1,764</b>
Labour Hire	9,084	-	-	-	<b>9,084</b>
<b>Total</b>	<b>10,738</b>	-	-	<b>110</b>	<b>10,848</b>

2020	Goodwill \$'000	Customer Relationships/ Licences \$'000	Brand Names \$'000	Intellectual Property \$'000	Total \$'000
Training	-	-	-	130	<b>130</b>
Labour Hire	9,084	108	-	-	<b>9,192</b>
<b>Total</b>	<b>9,084</b>	<b>108</b>	-	<b>130</b>	<b>9,322</b>

### c. Sensitivity analysis

Management has also run various sensitivity scenarios, primarily reviewing sensitivity of outcomes to FY22 EBITDA forecasts, long term growth rates and discount rates. In respect of reasonably possible changes in the key assumptions, major sensitivities are summarised as follows:

Change in VIU	Labour hire CGU \$'M	Training CGU \$'M
Sustainable EBITDA margin; +/- \$0.5 million each CGU	+/-4.0	+/-3.0
1% increase or decrease in long term growth rate	+/-4.0	+/-0.15
1% increase or decrease in pre-tax discount rate	+/-11.0	+/-0.152

## Notes to the Financial Statements

### 15. TAX BALANCES

	2021 \$000	2020 \$000
<b>Current assets</b>		
Income tax receivable	-	-
<b>Non-current assets</b>		
Deferred tax assets (a)	5,709	4,694
<b>Current tax liabilities</b>		
Income tax payable	1,083	1,634
<b>Non-current liabilities</b>		
Deferred tax liabilities (a)	2,341	764

#### a. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

	Balance at Beginning of the Year \$000	Recognised in Other Comprehensive Income \$000	Recognised in Business Combination \$000	Recognised in Profit & Loss \$000	Balance at End of the Year \$000
<b>2021</b>					
<b>Current assets</b>					
Trade, other receivables and other assets	(510)	-	-	(1,531)	(2,041)
Contract assets	(46)	-	-	(191)	(237)
<b>Non-current assets</b>					
Intangible assets	(32)	-	-	32	-
Property, plant and equipment	296	-	-	(58)	238
Right-of-use assets <sup>1</sup>	28	-	-	23	51
<b>Current liabilities</b>					
Trade and other payables	3,198	-	-	989	4,187
Provisions	943	-	-	227	1,170
<b>2020 Tax loss carried forward</b>					
Deferred tax asset	52	-	-	(52)	-
<b>Total</b>	<b>3,929</b>	<b>-</b>	<b>-</b>	<b>(561)</b>	<b>3,368</b>

**Note:**

1. This amount is net of lease liabilities.

## Notes to the Financial Statements

2020	Balance at Beginning of the Year \$000	Recognised in Other Comprehensive Income \$000	Recognised in Business Combination \$000	Recognised in Profit & Loss \$000	Balance at End of the Year \$000
<b>Current assets</b>					
Trade, other receivables and other assets	(720)	-	-	210	(510)
Contract assets	(171)	-	-	125	(46)
<b>Non-current assets</b>					
Intangible assets	(71)	-	-	39	(32)
Property, plant and equipment	319	-	-	(23)	296
Right-of-use assets <sup>1</sup>	-	-	-	28	28
<b>Current liabilities</b>					
Trade and other payables	2,037	-	-	1,161	3,198
Provisions	1,244	-	-	(301)	943
<b>2019 Tax loss carried forward</b>					
Deferred tax asset	-	-	-	52	52
<b>Total</b>	<b>2,638</b>	<b>-</b>	<b>-</b>	<b>1,291</b>	<b>3,929</b>

### 16. TRADE AND OTHER PAYABLES

	2021 \$000	2020 \$000
<b>Current</b>		
Trade payables	5,205	1,442
Accrued expenses	6,197	5,354
GST payable	4,321	4,281
Sundry creditors	11,668	7,440
	<b>27,391</b>	<b>18,517</b>

Average credit period on purchases of products and services is 30 days. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure payables are paid within credit time frame.

### 17. LEASE LIABILITIES

	2021 \$000	2020 \$000
Current	888	723
Non-current	1,324	1,716
	<b>2,212</b>	<b>2,439</b>

## Notes to the Financial Statements

### 18. OTHER LIABILITIES

	2021 \$000	2020 \$000
<b>Current</b>		
CCL Contingent Consideration - Retention	-	600
CCL Contingent Consideration – Earn Out Year 1	-	789
CCL Contingent Consideration – Earn Out Year 2	825	-
The Instruction Company Deferred Consideration	375	-
Other	20	23
<b>Other liabilities (Current)</b>	<b>1,220</b>	<b>1,412</b>
<b>Non-current</b>		
CCL Contingent Consideration – Earn Out Year 2	-	789
Redemption Liability	1,973	1,973
<b>Other liabilities (Non-current)</b>	<b>1,973</b>	<b>2,762</b>

#### Redemption Liability

The redemption liability is a Put Option which represents a contractual obligation to purchase a non-controlling interest and originated from a previous business combination to acquire the CCL Group. The liability is a financial liability and has been measured at the present value of the redemption amount or the put option consideration amount in accordance with the underlying CCL Group Share Sale and Purchase Agreement.

The Put Option can be exercised by any of the Remaining Shareholders (acting independently of the others):

- at any time upon the occurrence of a Control Event in respect of Ashley Services Group Limited;
- with the Extended EBAs in respect of both CTS and CCL having now been entered into (during January 2021) – at any time after 20 December 2022;

The Put Option expires 20 years after Completion but the Purchaser has the right to reduce this to 10 years.

### 19. BORROWINGS

2021	Available facility \$000	Facility used \$000	Remaining facility \$000
Invoice Financing	13,000	679	12,321
Bank Bill Business Loan	4,375	411	3,964
<b>Balance at 4 July 2021</b>	<b>17,375</b>	<b>1,090</b>	<b>16,285</b>

2020	Available facility \$000	Facility used \$000	Remaining facility \$000
Invoice Financing	13,000	-	13,000
Bank Bill Business Loan	6,125	-	6,125
<b>Balance at 5 July 2020</b>	<b>19,125</b>	<b>-</b>	<b>19,125</b>

#### Working capital facility

During the financial year ended 5 July 2020, Ashley Services Group Limited entered into a new banking partnership facility with the Westpac Banking Corporation which included all transactional banking requirements as well as a \$20 million financing facility, comprised of a \$13 million Invoice Financing facility and a \$7 million Bank Bill Business Loan (Reduces progressively over a term of 3 years).

The Westpac facility is subject to a Security which includes, but is not limited to the following:

## Notes to the Financial Statements

- 1<sup>st</sup> ranking General Security Agreement over the assets and undertakings of the Borrower and its Guarantors;
- Contractual Subordination of Shrimpton Holdings Pty Ltd facility of \$5 million; and
- Flawed Asset Arrangement – Deposit of Action Workforce Pty Ltd and Concept Engineering (AUST) Pty Ltd for Invoice Finance Facility collections.

As at 4 July 2021, both the current \$4.375 million Bank Bill Business Loan and the \$13 million Invoice Financing facility were drawn to a combined \$1.09 million (5 July 2020, Nil).

The \$5 million working capital facility through Shrimpton Holdings Pty Limited, a company associated with Ross Shrimpton, Managing Director, major shareholder of the Group, was re-evaluated by the Board in line with its expiry date. The facility was determined to be in excess of the Group's funding requirements following the establishment of the new Westpac facilities. Accordingly, this facility was not been renewed and expired on 31 January 2020.

### 20. PROVISIONS

	2021 \$000	2020 \$000
<b>Current</b>		
Employee benefits (a)	3,337	2,404
Provision for discontinued operation (b)	50	49
<b>Total</b>	<b>3,387</b>	<b>2,453</b>
<b>Non-current</b>		
Employee benefits (a)	414	365
Provision for discontinued operation (b)	100	317
<b>Total</b>	<b>514</b>	<b>682</b>

#### a. Reconciliation of employee provisions

	2021 \$000	2020 \$000
Opening balance	2,769	2,484
CCL Group at 1 July 2019	-	245
TIC at 6 July 2020	137	-
Less: leave taken during the year	(3,136)	(1,615)
Add: leave provided for during the year	3,981	1,655
<b>Closing balance</b>	<b>3,751</b>	<b>2,769</b>

#### b. Provision for discontinued operation

During the second half of financial year ended 30 June 2017, the Board approved an orderly exit from the international and domestic hospitality student business originally acquired through the SILK acquisition in April 2015. The Group has fulfilled its obligations for the remaining students and the Registered Training Organisation ("RTO") has been deregistered through the Australian Skills Quality Authority ("ASQA").

The \$0.15 million provision at 4 July 2021 (FY20: \$0.37 million) represents the discounted cost of future surplus lease obligations.

## Notes to the Financial Statements

### 21. SHARE CAPITAL

The Company does not have any share options on issue as at the date of this report. Details of share capital of the group are as follows:

	2021 \$000	2020 \$000
143,975,904 (FY20: 143,975,904) fully paid ordinary shares	154,234	154,234
Share issue costs	(5,419)	(5,419)
<b>Share capital</b>	<b>148,815</b>	<b>148,815</b>

#### a. Ordinary shares

The reduction in Share Capital from 150,000,000 shares (\$149.9m) at 30 Jun 16 to 143,975,904 shares (\$148.8m) net of share issue costs at 4 July 2021 was the result of the cancellation of 6,024,096 shares issued by way of consideration to fund the purchase of Integracom as approved by shareholders at the AGM of 9 November 2016.

Ordinary shares confer on their holders the right to participate in dividends declared by the Board. Ordinary shares confer on their holders an entitlement to vote at any general meeting of the Company.

### 22. COMMON CONTROL RESERVE

The common control reserve has arisen following the adoption of the pooling of interests method used to account for the acquisition of the following entities since 1 July 2014:

- ADV Services Pty Limited;
- Ashley Institute Holdings Pty Limited;
- TBRC Holdings Pty Limited;
- Tracmin Pty Limited; and
- Australian Institute of Vocational Development Pty Limited; and
- CCL Group (Construction Contract Labour (VIC) Pty Ltd, Complete Traffic Services (VIC) Pty Ltd and VIC Traffic and Labour Solutions Pty Ltd)

### 23. EARNINGS PER SHARE

	2021 \$000	2020 \$000
Profit after tax for the year attributable to shareholders	9,150	4,667
Weighted number of ordinary shares outstanding during the year used in calculating basic earnings per share (EPS)	143,975,904	143,975,904
Weighted number of ordinary shares outstanding during the year used in calculating diluted earnings per share (EPS)	143,975,904	143,975,904
Basic earnings per share (cents) from continuing operations	6.36	3.24
Diluted earnings per share (cents) from continuing operations	6.36	3.24
Basic earnings per share (cents) from discontinued operations	-	-
Diluted earnings per share (cents) from discontinued operations	-	-
<b>Basic earnings per share (cents) Total</b>	<b>6.36</b>	<b>3.24</b>
<b>Diluted earnings per share (cents) Total</b>	<b>6.36</b>	<b>3.24</b>

## Notes to the Financial Statements

### 24. SEGMENT INFORMATION

The Group's management identifies two operating segments, Labour Hire and Training, representing the main products and services provided by the Group. During the financial year ended 4 July 2021, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss. The revenues and profit generated by each of the Group's operating segments are summarised as follows:

2021	Labour Hire \$000	Training \$000	Total \$000
<b>Revenue</b>			
From external customers	373,963	9,709	383,672
<b>Segment revenue</b>	<b>373,963</b>	<b>9,709</b>	<b>383,672</b>
Other income	256	76	332
Employment costs	(351,515)	(6,720)	(358,235)
Depreciation and amortisation expense	(764)	(756)	(1,520)
Finance costs	(191)	(17)	(208)
Other expenses	(4,705)	(1,055)	(5,760)
<b>Segment Profit</b>	<b>17,044</b>	<b>1,237</b>	<b>18,281</b>
Unallocated items			(4,934)
<b>Profit before income tax</b>			<b>13,347</b>
Income tax expense			(3,737)
<b>Profit after income tax</b>			<b>9,610</b>
Other comprehensive income			-
<b>Total comprehensive income for the year from continuing operations</b>			<b>9,610</b>

2020	Labour Hire \$000	Training \$000	Total \$000
<b>Revenue</b>			
From external customers	329,517	7,324	336,841
<b>Segment revenue</b>	<b>329,517</b>	<b>7,324</b>	<b>336,841</b>
Other income	1,510	502	2,012
Employment costs	(313,646)	(5,933)	(319,579)
Depreciation and amortisation expense	(803)	(643)	(1,446)
Finance costs	(170)	(9)	(179)
Other expenses	(4,851)	(1,071)	(5,922)
<b>Segment Profit</b>	<b>11,557</b>	<b>170</b>	<b>11,727</b>
Unallocated items			(4,682)
<b>Profit before income tax</b>			<b>7,045</b>
Income tax expense			(1,976)
<b>Profit after income tax</b>			<b>5,069</b>
Other comprehensive income			-
<b>Total comprehensive income for the year from continuing operations</b>			<b>5,069</b>

No segments assets or liabilities are disclosed because there is no measure of segments assets or liabilities regularly reported to Management and to the Board.

## Notes to the Financial Statements

### a. Information about major customers

Included in revenues from external customers are revenues of \$109.90 million (2020: \$94.5 million) which arose from sales to 2 (2020: 2) of the Group's customers whose individual revenue exceeds 10% of total revenue in the Labour Hire segment. Sales to these 2 customers were \$54 million and \$55.9 million respectively (2020: \$60.2 million and \$34.3 million respectively).

There are no customers whose individual revenue exceeded 10% of total revenue in the Training segment in either financial year.

### 25. CASH FLOW INFORMATION

#### Reconciliation of cash flow from operations to profit after income tax

	2021 \$000	2020 \$000
Profit for the year	9,610	5,069
Cash flows excluded from profit attributable to operating activities		
<b>Adjustments for non-cash items:</b>		
- Depreciation and amortisation expense	1,785	2,068
- Bad and doubtful debts	164	52
- Profit/(loss) on disposal of fixed assets	(36)	11
- Lease liability non-cash expense	67	75
- Loss on contingent consideration	45	-
<b>- Changes in assets and liabilities</b>		
- Decrease/(increase) in trade and other receivables	(15,003)	(894)
- Decrease/(increase) in contract assets	(637)	417
- Decrease/(increase) in other assets	(309)	(393)
- Decrease/(increase) in deferred tax assets	(1,015)	(1,092)
- (Decrease)/increase in trade and other payables	9,881	3,447
- (Decrease)/increase in dividends payable	60	400
- (Decrease)/increase in provisions	766	(335)
- (Decrease)/increase in other liabilities	(981)	4,173
- (Decrease)/increase in current tax liabilities	(551)	1,327
- (Decrease)/increase in deferred tax liabilities	1,577	(200)
<b>Net cash from operating activities</b>	<b>5,423</b>	<b>14,125</b>

## Notes to the Financial Statements

### 26. BUSINESS COMBINATION

During the year ended 4 July 2021, 100% of the shares in The Instruction Company (TIC) were acquired. The acquisition was completed on 15 September 2020 with a financial effective date of 6 July 2020.

The acquisition price for the purchase of The Instruction Company was \$1.85 million. The initial payment of \$1.1 million was made on completion with a further deferred consideration payment of \$0.375 million made during June 2021. A further final deferred consideration payment is due to be made during September 2021.

The Instruction Company is a Registered Training Organisation (RTO) servicing the Rail sector since 1996, creating and delivering rail training solutions to track owners, rail operators, contractors and service providers across Australia.

	Note	6 July 2020 <sup>1</sup> \$000
<b>Purchase consideration</b>		
Cash consideration paid Sep-20		1,100
Deferred consideration paid Mar-21		375
Deferred consideration due Sep-21	18	375
<b>Total consideration</b>		<b>1,850</b>
<b>Assets and liabilities acquired:</b>		
Cash and cash equivalents		464
Trade and other receivables		539
Deferred tax assets		37
Trade and other payables		(327)
Dividends payable		(464)
Current tax payable		(34)
Non-current liabilities		(19)
<b>Fair value of assets acquired</b>		<b>196</b>
<b>Goodwill on acquisition</b>		<b>1,654</b>
<b>Cashflows on acquisition</b>		
Cash consideration paid Sep-20		1,100
Deferred consideration paid Mar-21		375
Cash acquired		(464)
<b>Total cashflow outflows on acquisition to 4 July 2021</b>		<b>1,011</b>

**Note:**

1. Effective date of TIC acquisition.

## Notes to the Financial Statements

### 27. FAIR VALUE MEASUREMENT

#### *Fair value hierarchy*

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000
<b>Consolidated – 4 July 2021</b>				
<i>Assets</i>				
Total assets	-	-	-	-
<i>Liabilities</i>				
TIC Deferred Consideration	-	375	-	375
CCL Contingent Consideration – Earn Out Year 2	-	825	-	825
Redemption liability	-	-	1,973	1,973
Total liabilities	-	1,200	1,973	3,173
	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000
<b>Consolidated - 5 Jul 2020</b>				
<i>Assets</i>				
Total assets	-	-	-	-
<i>Liabilities</i>				
CCL Contingent Consideration – Retention	-	600	-	600
CCL Contingent Consideration – Earn Out Year 1	-	-	789	789
CCL Contingent Consideration – Earn Out Year 2	-	-	789	789
Redemption liability	-	-	1,973	1,973
Total liabilities	-	600	3,551	4,151

There were no transfers between levels during the year.

The Fair values of the Group's remaining assets and liabilities are approximately equal to their carrying values.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

#### *Valuation techniques for fair value measurements categorised within level 2 and level 3*

The Instruction Company deferred consideration has arisen as a result of the business combination detailed in Note 26. The liability represents two deferred payments of \$0.375 million each to be made on the six month and twelve month anniversaries of the completion date of the acquisition as in accordance with The Instruction Company Share Sale and Purchase agreement.

## Notes to the Financial Statements

The CCL contingent consideration – retention arose as a result of a previous business combination for the CCL Group. The liability was contingent on the CCL Group continuing to operate specific enterprise bargaining terms and conditions over a three-year period from completion date of the acquisition. In accordance with the CCL Group Share Sale and Purchase Agreement, the agreed retention amount was \$600,000.

The CCL contingent consideration – Earn out year 1, which has been paid during the period, and Earn out year 2 arose in accordance with the CCL Group Share Sale and Purchase Agreement. The Earn out year 1 payment made was adjusted for the final FY20 EBITDA, whilst the Earn out year 2 liability has currently been valued using actual FY21 EBITDA levels.

The redemption liability has arisen as a result of a previous business combination for the CCL Group. The liability has been valued at the present value of the redemption amount or the put option consideration amount in accordance with the underlying CCL Group Share Sale and Purchase Agreement.

### Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current year are set out below:

	<b>CCL Contingent Consideration Earn Out Yr1</b>	<b>CCL Contingent Consideration Earn Out Yr2</b>	<b>Redemption Liability</b>	<b>Total</b>
<b>Consolidated</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Balance at 6 July 2020	789	789	1,973	<b>3,551</b>
Gains/(losses) recognised in other comprehensive income	9	36	-	<b>45</b>
Additions	-	-	-	-
Settlements during the year	(798)	-	-	<b>(798)</b>
Transfer to Level 2	-	(825)	-	<b>(825)</b>
<b>Balance at 4 July 2021</b>	<b>-</b>	<b>-</b>	<b>1,973</b>	<b>1,973</b>

	<b>CCL Contingent Consideration Earn Out Yr1</b>	<b>CCL Contingent Consideration Earn Out Yr2</b>	<b>Redemption Liability</b>	<b>Total</b>
<b>Consolidated</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Balance at 1 July 2019	-	-	-	-
Gains/(losses) recognised in other comprehensive income	-	-	-	-
Additions	789	789	1,973	<b>3,551</b>
Settlements during the year	-	-	-	-
<b>Balance at 5 July 2020</b>	<b>789</b>	<b>789</b>	<b>1,973</b>	<b>3,551</b>

---

## Notes to the Financial Statements

---

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

<b>Description</b>	<b>Unobservable inputs</b>	<b>Range (weighted average)</b>	<b>Sensitivity</b>
Redemption liability	EBITDA FY during which Put Option exercised & EBITDA FY immediately following FY during which Put Option exercised	2,887,786	10% change would increase/decrease fair value by \$175,030.

## Notes to the Financial Statements

### 28. CONTROLLED ENTITIES

Set out below are the controlled entities of Ashley Services Group Limited:

	Country of incorporation	2021 percentage owned %	2020 percentage owned %
Action Arndell Park Pty Limited	Australia	100	100
Action Botany Pty Limited	Australia	100	100
Action James (Qld) Pty Limited	Australia	100	100
Action James NSW Pty Limited	Australia	100	100
Action James Parramatta Pty Limited	Australia	100	100
Action James WA Pty Limited (formerly Action Workforce AC Pty Limited)	Australia	100	100
Action James Western Suburbs Pty Limited	Australia	100	100
Action Job Support Pty Limited	Australia	100	100
Action MMX Pty Limited	Australia	100	100
Action Workforce ACT Pty Limited	Australia	100	100
Action Workforce COL1 Pty Limited	Australia	100	100
Action Workforce COS1 Pty Limited	Australia	100	100
Action Workforce COT Pty Limited	Australia	100	100
Action Workforce IMT Pty Limited	Australia	100	100
Action Workforce NSW Pty Limited	Australia	100	100
Action Workforce OS Pty Limited	Australia	100	100
Action Workforce OST Pty Limited	Australia	100	100
Action Workforce Pty Limited	Australia	100	100
Action Workforce T1 Pty Limited	Australia	100	100
Action Workforce T2 Pty Limited	Australia	100	100
Action Workforce VER1 Pty Limited	Australia	100	100
Action Workforce Victoria Pty Limited	Australia	100	100
Action Workforce VM Pty Limited	Australia	100	100
Action Workforce VPS Pty Limited	Australia	100	100
ADV Services Pty Limited	Australia	100	100
ADV1 Pty Limited	Australia	100	100
ADV2 Pty Limited	Australia	100	100
ADV3 Pty Limited	Australia	100	100
ADV6 Pty Limited	Australia	100	100
Advance Exchange Pty Limited	Australia	100	100
Advance GW Pty Limited	Australia	100	100
Advance MIX Pty Limited	Australia	100	100
Advance Recruitments Pty Limited	Australia	100	100
AIVD Holdings Pty Limited	Australia	100	100
ASG Electrical Contracting Pty Ltd (formerly ADV7 Pty Limited)	Australia	100	100
Ash Pty Limited	Australia	100	100
Ashley Institute Holdings Pty Limited	Australia	100	100
Australian Institute of Vocational Development Pty Limited	Australia	100	100
AWF Training 3 Pty Limited	Australia	100	100

## Notes to the Financial Statements

	Country of incorporation	2021 percentage owned %	2020 percentage owned %
BCC Labour Solutions Pty Ltd (formerly Action Workforce CAT Pty Limited)	Australia	100	100
Cantillon Holdings Pty Limited	Australia	100	100
CCL Group Holdings Pty Ltd (formerly Advance GX Pty Ltd)	Australia	100	100
College of Innovation and Industry Skills Pty Limited	Australia	100	100
Complete Traffic Services (VIC) Pty Ltd	Australia	80	80
Concept AWF Pty Limited	Australia	100	100
Concept Electrical Resources Pty Ltd (formerly Action James Mascot Pty Limited)	Australia	100	100
Concept Employment (Aust) Pty Limited	Australia	100	100
Concept Engineering (Aust) Pty Limited	Australia	100	100
Concept Engineering Contracting Holdings Pty Ltd (ASG Integracom (Aust) Holdings Pty Ltd)	Australia	100	100
Concept Engineering Contracting Pty Ltd (formerly ASG Integracom (Aust) Pty Ltd)	Australia	100	100
Concept Power Pty Ltd (formerly Action James WCF Pty Limited)	Australia	100	100
Concept Project Resources Pty Limited	Australia	100	100
Concept Rail Pty Ltd (formerly AWF Training 4 Pty Limited)	Australia	100	100
Concept Recruitment Specialists Pty Ltd	Australia	100	100
Concept Retail Solutions Pty Ltd (formerly Action Merchandising Pty Ltd)	Australia	100	100
Construction Contract Labour (VIC) Pty Ltd	Australia	80	80
CP Action Workforce Pty Limited	Australia	100	100
Executive Careers Australia Pty Limited	Australia	100	100
Global Education and Training Group Pty Limited	Australia	100	100
Integracom Holdings Pty Limited	Australia	100	100
Integracom Unit Trust	Australia	100	100
James Personnel Pty Limited	Australia	100	100
James Warehousing Pty Limited	Australia	100	100
Logistics People Pty Limited	Australia	100	100
Qualitas Education Pty Limited	Australia	100	100
Silk Group Holdings Pty Limited	Australia	100	100
TBRC Holdings Pty Limited	Australia	100	100
The Blackadder Recruitment Company Pty Limited	Australia	100	100
The Instruction Company Holdings Pty Ltd (formerly AWF Training 2 Pty Ltd)	Australia	100	100
The Instruction Company Pty Ltd*	Australia	100	-
Track Safety Australia Pty Ltd (formerly AWF Training 1 Pty Ltd)	Australia	100	100
Tracmin Holdings Pty Limited	Australia	100	100
Tracmin Pty Limited	Australia	100	100
VIC Traffic and Labour Solutions Pty Ltd	Australia	80	80
Vocational Training Australia Pty Limited	Australia	100	100

- Acquired during financial year 2021. See Note 26. Business Combinations for further details.

## Notes to the Financial Statements

### 29. PARENT ENTITY DISCLOSURES

#### a. Financial position

	2021	2020
	\$000	\$000
<b>Assets</b>		
Current assets	92	92
Non-current assets	18,206	19,605
<b>Total assets</b>	<b>18,298</b>	<b>19,697</b>
<b>Liabilities</b>		
Current liabilities	(825)	(1,389)
Non-current liabilities	(15,891)	(10,248)
<b>Total liabilities</b>	<b>(16,716)</b>	<b>(11,637)</b>
<b>Net assets</b>	<b>1,582</b>	<b>8,060</b>
<b>Equity</b>		
Share capital	148,815	148,815
Common control reserve	(59,261)	(59,261)
Accumulated losses	(87,972)	(81,494)
<b>Total equity</b>	<b>1,582</b>	<b>8,060</b>

**Note:**

1. Accumulated losses includes dividends paid of \$6.5 million.

#### b. Statement of profit or loss and other comprehensive income

	2021	2020
	\$000	\$000
Profit/(Loss) for the year	-	-
Other comprehensive income	-	-
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>

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

The Parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

#### d. Contingent liabilities of the Parent Entity

The Parent entity had no other known material contingent liabilities as at 4 July 2021.

#### e. Commitments for expenditure for the Parent entity

The Parent entity had Nil committed expenditure as at 4 July 2021 (5 July 2020: Nil).

## Notes to the Financial Statements

### 30. DEED OF CROSS GUARANTEE

The following entities have entered into a deed of cross guarantee dated 22 February 2018 under which each company guarantees the debts of the others:

- Ashley Services Group Limited
- Action Workforce Pty Limited
- ADV6 Pty Limited
- Ashley Institute Holdings Pty Ltd
- Concept Engineering (Aust) Pty Ltd

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 Ashley Services Group Limited, they also represent the 'Extended Closed Group'.

#### a. Statement of profit or loss and other comprehensive income

Extended Closed Group	2021 \$000	2020 \$000
Revenue	291,868	261,371
Other Income	61	913
Employment costs	(275,129)	(250,347)
Depreciation and amortisation expense	(545)	(509)
Finance costs	(141)	(151)
Other expenses	(3,209)	(2,903)
<b>Profit before income tax</b>	<b>12,905</b>	<b>8,374</b>
Income tax expense	(1,783)	(2,512)
<b>Profit after income tax</b>	<b>11,122</b>	<b>5,862</b>
Other comprehensive Income	-	-
<b>Total comprehensive income for the year</b>	<b>11,122</b>	<b>5,862</b>

## Notes to the Financial Statements

### b. Statement of Financial position

Extended Closed Group	2021 \$000	2020 \$000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	52	2,302
Trade and other receivables	27,917	19,952
Other assets	5,263	677
<b>Total current assets</b>	<b>33,232</b>	<b>22,931</b>
<b>Non-current assets</b>		
Trade and other receivables	113,269	100,820
Property, plant and equipment	393	459
Deferred tax assets	3,599	3,599
Right-of-use assets	683	783
Other assets	18,208	19,605
<b>Total non-current assets</b>	<b>136,152</b>	<b>125,266</b>
<b>Total assets</b>	<b>169,384</b>	<b>148,197</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	36,799	28,149
Borrowings	679	-
Dividends payable	13,921	7,487
Current tax payable	13,386	11,603
Lease liabilities	221	241
Other liabilities	825	1,389
Provisions	2,047	1,634
<b>Total current liabilities</b>	<b>67,878</b>	<b>50,503</b>
<b>Non-current liabilities</b>		
Lease liabilities	509	566
Other liabilities	1,973	2,761
Provisions	222	208
<b>Total non-current liabilities</b>	<b>2,704</b>	<b>3,535</b>
<b>Total liabilities</b>	<b>70,582</b>	<b>54,038</b>
<b>Net assets</b>	<b>98,802</b>	<b>94,159</b>
<b>Equity</b>		
Share capital	148,815	148,815
Common control reserve	(59,261)	(59,261)
Retained earnings	9,248	4,605
<b>Total Equity</b>	<b>98,802</b>	<b>94,159</b>

## Notes to the Financial Statements

### c. Equity – retained profits

Extended Closed Group	2021 \$000	2020 \$000
Retained profits at the beginning of the financial year	4,605	2,349
Adjustment to opening retained profits	-	281
Profit after income tax expense	11,122	5,862
Dividends paid	(6,479)	(3,887)
<b>Retained profits at the end of the financial year</b>	<b>9,248</b>	<b>4,605</b>

### d. Contingent liabilities of the Extended Closed Group

The Extended Closed Group had no other known material contingent liabilities as at 4 July 2021.

### e. Commitments for expenditure for the Extended Closed Group

The Extended Closed Group had Nil committed expenditure as at 4 July 2021 (5 July 2020: Nil).

### f. Going Concern and Financial Support

The financial statements of the Extended Closed Group have been prepared on a going concern basis. The directors have provided a letter of financial support confirming that each of the below listed companies within the Ashley Services group Limited and controlled entities agrees to provide whatever financial support is necessary to ensure each entity will be able to continue as a going concern and pays its debts as and when they fall due and payable.

The financial support covers the following entities:

- Ashley Services Group Limited;
- Action Workforce Pty Limited;
- Concept Engineering (Aust.) Pty Ltd;
- ASH Pty Ltd;
- Vocational Training Australia Pty Ltd;
- Australian Institute of Vocational Development Pty Ltd; and
- Tracmin Pty Ltd.

The financial support includes but is not limited to the actions as noted below:

- not calling on related party loans;
- agreeing to any cost re-allocations or management fee re-charges; and
- agreeing to debt forgiveness with any related entity.

The undertaking remains current until the date on which the directors approve the financial statements of the Group for the financial year ending 3 July 2022. The directors are satisfied that collectively the Group has the financial ability to provide this support.

### g. Security Offered

The Westpac facility (see Note 19) is subject to a Security which includes, but is not limited to the following:

- 1<sup>st</sup> ranking General Security Agreement over the assets and undertakings of the Borrower and its Guarantors;
- Contractual Subordination of Shrimpton Holdings Pty Ltd facility of \$5 million; and
- Flawed Asset Arrangement – Deposit of Action Workforce Pty Ltd and Concept Engineering (AUST) Pty Ltd for Invoice Finance Facility collections.

## Notes to the Financial Statements

### 31. RELATED PARTY TRANSACTIONS

#### a. Parent company

There is no ultimate parent company for Ashley Services Group Limited.

#### b. Transactions with related entities

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

Transactions with related parties are as follows:

	2021 <sup>1</sup>	2020 <sup>1</sup>
	\$	\$
Rent and outgoings paid or payable to Shrimpton Holdings Pty Limited as trustee for the Shrimpton Family Trust, an entity which is controlled by Mr Ross Shrimpton for an office at Arndell Park, New South Wales <sup>1</sup>	138,061	130,967
Interest and line fee paid to Shrimpton Holdings Pty Limited, an entity which is controlled by Mr Ross Shrimpton	-	46,267
Fees payable to Trood Pratt & Co (of which Ian Pratt is a Partner) for taxation services	41,904	46,176

**Note:**

1. All amounts as shown are exclusive of GST.

### 32. SECURED AND CONTINGENT LIABILITIES

For assets pledged as security for borrowing facilities see Note 19.

The Group had no other known contingent liabilities at 4 July 2021.

### 33. FINANCIAL INSTRUMENTS

#### a. Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statement.

#### b. Financial risk management objectives

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial management framework. The Board has an established Audit and Risk Management Committee which is responsible for developing and monitoring the Group's financial management policies. The Committee provides regular reports to the Board of Directors on its activities.

The Audit and Risk Management Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks.

The main risks arising from the Group's financial instruments are market risk (including fair value interest rate risk), credit risk and liquidity risk. The Board reviews and approves policies for managing each of these risks.

The Audit and Risk Management Committee oversees how management monitors compliance with risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purpose.

## Notes to the Financial Statements

### c. Market risk

#### Interest rate risk

The Group is exposed to interest rate risk associated with borrowed funds at floating interest rates. During the financial year, risks associated with interest rate movements were monitored by the Board; however, no hedging instruments were considered necessary to manage the risk.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

#### Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At the reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the effect on the Group would be as follows:

	2021 \$000	2020 \$000
<b>Change in profit</b>		
Increase in interest rates of 1%	129	142
Decrease in interest rates of 1%	(129)	(142)
<b>Change in equity</b>		
Increase in interest rates of 1%	129	142
Decrease in interest rates of 1%	(129)	(142)

#### 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 adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The carrying value of trade receivables recorded in the financial statements, net of any impairment allowances, represents the Group's maximum exposure to credit risks.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counter parties are a reputable bank with high quality external credit ratings.

The maximum credit risk exposure of financial assets is their carrying amount in the financial statements.

### d. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Managing Director and Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously comparing actual cash flows with forecasts and matching the maturity profiles of

## Notes to the Financial Statements

financial assets and liabilities. Included in Note 19 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

### Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been presented based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group may be required to pay. The table includes both interest and principal cash flows.

#### Financial assets

2021	Weighted average effective interest rate %	Within 1 year \$000	1 to 5 years \$000	Over 5 years \$000	Total \$000
Cash and cash equivalents	n/a	2,969	-	-	2,969
Trade and other receivables	n/a	44,421	-	-	44,421
Contract assets	n/a	791	-	-	791
<b>Total</b>		<b>48,181</b>	<b>-</b>	<b>-</b>	<b>48,181</b>

2020	Weighted average effective interest rate %	Within 1 year \$000	1 to 5 years \$000	Over 5 years \$000	Total \$000
Cash and cash equivalents	n/a	8,063	-	-	8,063
Trade and other receivables	n/a	29,418	-	-	29,418
Contract assets	n/a	154	-	-	154
<b>Total</b>		<b>37,635</b>	<b>-</b>	<b>-</b>	<b>37,635</b>

#### Financial liabilities

2021	Weighted average effective interest rate %	Within 1 year \$000	1 to 5 years \$000	Over 5 years \$000	Total \$000
Trade and other payables	n/a	27,392	-	-	27,392
Borrowings	4.01%	1,090	-	-	1,090
Lease liabilities	3.00%	888	1,324	-	2,212
Other liabilities	n/a	1,220	-	1,973	3,193
<b>Total</b>		<b>30,590</b>	<b>1,324</b>	<b>1,973</b>	<b>33,887</b>

2020	Weighted average effective interest rate %	Within 1 year \$000	1 to 5 years \$000	Over 5 years \$000	Total \$000
Trade and other payables	n/a	18,517	-	-	18,517
Borrowings	4.35%	-	-	-	-
Lease liabilities	3.00%	723	1,716	-	2,439
Other liabilities	n/a	1,389	789	1,973	4,151
<b>Total</b>		<b>20,629</b>	<b>2,505</b>	<b>1,973</b>	<b>25,107</b>

#### Fair value of financial instruments

Refer to Note 27 for details on the fair value of financial instruments.

## Notes to the Financial Statements

### 34. EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, except for the following:

On 27 July 2021 the Group declared a fully franked final dividend of 2.4 cents in relation to the financial year ended 4 July 2021.

There remains significant uncertainty regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the downturn and the speed of economic recovery. In accordance with AASB 110 Events after the Reporting Date, the Group considered whether events since the end of the financial year confirmed conditions existing before the reporting date. The Group did not identify any subsequent events triggered by COVID-19 related developments, which would require adjustment to the amounts or disclosures in the financial statements. Additionally, no other material non-adjusting subsequent events relating to COVID-19 were identified requiring disclosure in the financial statements. The COVID-19 situation remains fluid and the Group continues to closely monitor the financial effects.

### 35. DIVIDENDS

#### a. Ordinary shares

On 27 July 2021 the Group declared a fully franked final dividend of 2.4 cents in relation to the financial year ended 4 July 2021. With a fully franked interim dividend of 1.8 cents previously declared on 28 January 2021, this brings the full year dividend for the financial year ended 4 July 2021 to a total of 4.2 cents, a 56% increase on the dividend for the prior financial year (FY20: 2.7 cents).

#### b. Franking credits

	2021 \$000	2020 \$000
Franking credits available for subsequent financial years based on a tax rate of 30% (2020: 30%)	2,411	1,670

The balance of the franking accounts includes:

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

## ASX Additional Information

Set out below is additional information as required by the ASX Limited Listing Rules and not disclosed elsewhere in this report. This information is effective as at 19 August 2020.

### Number of security holders and securities on issue

#### Quoted equity securities

Ashley Services has on issue 143,975,904 fully paid ordinary shares which are held by 888 shareholders.

### Voting rights

#### Quoted equity securities

The voting rights attached to fully paid ordinary shares are that on a show of hands, every member present, in person or proxy, has one vote and upon a poll, each share shall have one vote.

### Distribution of security holders

#### Quoted equity securities

Ordinary fully paid ordinary shares

Holding	Number of shareholders	Number of shares	%
1 – 1,000	176	124,789	0.09
1,001 – 5,000	249	619,096	0.43
5,001 – 10,000	120	994,449	0.69
10,001 – 100,000	278	9,990,184	6.94
100,001 and over	65	132,247,386	91.85
<b>Total</b>	<b>888</b>	<b>143,975,904</b>	<b>100.00</b>

### Unmarketable parcel of shares

The number of shareholders holding less than a marketable parcel of Fully Paid Ordinary shares is 176 with a total number of shares held is 124,789.

### Substantial Shareholders

The number of securities held by substantial shareholders and their associates are set out below:

#### Fully Paid Ordinary Shares

Name	Number	%
Ross Shrimpton	80,279,030	55.76%
JP Morgan Nominees Australia Limited ATF Richmond Hill Capital Pty Ltd	12,466,452	8.66%

### Unquoted equity securities

There are no unquoted shares.

### On-market buy-back

There is no current on-market buy-back.

## ASX Additional Information

### Twenty largest shareholders

#### Fully paid ordinary shares

Details of the 20 largest shareholders of quoted securities (grouped) by registered shareholding are:

Name	Number of shares	%
Mr Ross Shrimpton	80,279,030	55.76%
JP Morgan Nominees Australia Limited	17,879,231	12.45%
Citicorp Nominees Pty Ltd	3,245,571	2.25%
Hishenk Pty Ltd	2,400,000	1.67%
HSBC Custody Nominees (Australia) Limited	1,862,171	1.31%
Certane CT Pty Ltd	1,582,009	1.10%
BNP Paribas Nominees Pty Ltd	1,580,880	1.10%
Mr Marc Shrimpton	1,500,000	1.04%
Action James Holdings Pty Limited	1,486,615	1.03%
Moat Investments Pty Ltd	1,424,000	0.99%
Super Wide Pty Ltd	1,140,326	0.79%
Mr Andrew Douglas Shrimpton	1,115,000	0.77%
Gailforce Marketing & PR Pty Limited	708,049	0.49%
Mr Christopher John McFadden & Mrs Toulia McFadden	699,999	0.49%
Mrs Kerry Elizabeth Draffin	637,416	0.44%
Mast Financial Pty Ltd	637,231	0.44%
Mr Dean Michael Shrimpton	632,388	0.44%
Velkov Funds Management Pty Ltd	628,000	0.44%
Stirling Superannuation Pty Ltd	600,000	0.42%
Mr Mark Christopher Garrick	596,618	0.41%
<b>Total</b>	<b>120,634,534</b>	<b>83.79%</b>

### Annual General Meeting

The annual general meeting of the Company will be held at the company's offices at Level 10, 92 Pitt Street Sydney NSW 2000 at 10.00am on Thursday 4 November 2021 OR electronically via a virtual AGM (details will be provided as required). Shareholders who are unable to attend the meeting are encouraged to complete and return their proxy form that will accompany the notice of meeting.



---

## Corporate Directory

---

### Non-Executive Directors

Mr Ian Pratt (Chairman)

### Executive Directors

Mr Ross Shrimpton – Managing Director

Mr Chris McFadden

### Company Secretary

Mr Ron Hollands

### Registered Office

Level 10

92 Pitt Street

Sydney NSW 2000

### Australian Company Number

094 747 510

### Australian Business Number

92 094 747 510

### Auditors

#### **HLB Mann Judd**

Level 19

207 Kent Street

Sydney NSW 2000

Telephone: + 61 2 9020 4000

Facsimile: + 61 2 9020 4190

### Legal Adviser

#### **Addisons Lawyers**

Level 12

60 Carrington Street

Sydney NSW 2000

Telephone: + 61 2 8915 1000

Facsimile: + 61 2 8916 2000

### Bankers

#### **Westpac**

Level 18

275 Kent Street

Sydney NSW 2000

Telephone: + 61 2 9155 7700

Facsimile: + 61 2 8253 4128

Website: [www.westpac.com.au](http://www.westpac.com.au)

### Share Registry

#### **Link Market Services Limited**

Central Park, Level 4

152 St Georges Terrace

Perth WA 6000

Telephone: +61 1300 554 474

Facsimile: +61 2 9287 0303

Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### Website

[www.ashleyservicesgroup.com.au](http://www.ashleyservicesgroup.com.au)

### ASX Code

ASH