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APPENDIX 4E

Results for Announcement to
the Market and Annual Report

2020

BSA Limited

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FOR THE YEAR ENDED 30 JUNE 2020

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

FOR THE PERIOD ENDED **30 JUNE 2020**

PREVIOUS CORRESPONDING PERIOD 30 JUNE 2019

APPENDIX 4E

				\$'000
Revenue from ordinary activities	Up	3.5%	to	486,107
Profit from ordinary activities after income tax attributable to members	Down	27.5%	to	7,802
Net loss for the period attributable to members	Down	(658.1%)	to	(960)

	2020 cents	2019 cents
Basic earnings per share	1.811	2.523
Diluted earnings per share	1.805	2.511
Net tangible asset backing per ordinary share	1.36	3.42

DIVIDENDS

	Amount per security (cents)	Franked amount per security at 30% tax (cents)
Interim dividend (fully franked)	0.50	0.50
Final dividend (fully franked)	0.50	0.50

Record date for determining entitlement to dividends	2 October 2020
Payment date of dividend	3 November 2020
Total dividend payable	\$2,163,000

None of this dividend is foreign sourced.

The Company's Dividend Reinvestment Plan (DRP) will be in operation for this dividend. Holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares will be allotted or transferred under the DRP for a price which is equal to the arithmetic average of the daily volume weighted average market price (rounded to the nearest whole cent) of all fully paid shares of that class sold on the ASX (excluding special crossings and other categories reasonably determined by the Directors as distorting the fair market value of the shares) during the ten trading days commencing on the second trading day following the relevant Record Date, determined by reference to such information as the Directors approve for the purpose from time to time.

The last date for the receipt of an election notice for participation in the DRP is 16 October 2020.

This report is based on the consolidated financial statements which have been audited by Deloitte Touche Tohmatsu, with the Independent Auditor's Report included in the consolidated financial statements.

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BSA Limited Annual Report

2020

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CHAIRMAN'S REPORT



Michael Givoni

Chairman

Firstly, I would like to acknowledge the unprecedented events of 2020 with the ongoing impacts of the COVID-19 pandemic. As a result, we are all experiencing significant adjustments in our daily lives. At BSA Limited, support for all of our stakeholders (workforce, customers, suppliers, subcontractors and shareholders), proactive risk management and adapting to changing business needs has been an overriding priority. I would like to thank the Executive Leadership Team for their dedication in providing and maintaining a safe working environment, rising to the challenges faced from COVID-19 and remaining operational throughout.

BSA simplified its organisational structure during FY2020 to align the business in terms of clients and capability. **BSA | Maintain** and **BSA | Build | Fire** were integrated into **BSA | Advanced Property Solutions** ("APS") and **BSA | Connect** repositioned to **BSA | Communication & Utility Infrastructure** ("CUI") to better reflect the broadening of our service offering to our preferred markets.

On 13 August 2019 the **BSA | Build | HVAC Major Projects** was divested to Fredon Air Pty Ltd and during the second half of the year all residual steps in the transaction were concluded.

Beginning in September 2019, a review of BSA's financing facilities was undertaken as a result of operational changes associated with the divestment. On 1 May 2020, BSA successfully refinanced its bank lending facilities, for three years, with the Commonwealth Bank of Australia (CBA) on improved terms. We look forward to forging a strong and prosperous relationship with CBA in the years ahead and believe the new facilities position the business well for future growth.

In April 2020, faced with the challenging circumstances associated with COVID-19, the Directors of BSA Limited provided the market with a trading update, announcing the business was achieving internal forecasts and continued to tender for significant volumes of new work. Due to the significant level of uncertainty prevailing at that time, the Board felt it prudent to retract guidance and delay the payment of the dividend until greater stability returned to the market.

On 16 June 2020, we announced that we would bring forward the previously deferred payment of the FY2020 interim dividend to early July 2020 and confirmed EBITDA guidance of \$21m - \$23m.

Pleasingly the end of financial year results show that we have achieved the higher end of our revised guidance with strong cash backing and a solid balance sheet.

2020 KEY HIGHLIGHTS*

\$490.4
million

Revenue

\$23.0
million

EBITDA

\$7.8
million

Net Profit

* from Continuing Operations (refer page 11)

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NorthConnex Tunnel Construction 90 metres below the surface. BSA has installed over 18 kilometres of sprinkler deluge once excavation was completed. - courtesy of NorthConnex.

High-level financial results are:

	FY2020 \$'000	FY2019 \$'000
Revenue	\$490.4 million	\$469.8 million
EBITDA (continuing)	\$23.0 million	\$21.8 million
NPAT (continuing)	\$7.8 million	\$10.8 million
Operating cash inflow	\$31.3 million	\$18.3 million
Basic earnings per share of	1.81 cents	2.52 cents
Net cash	\$32.7 million	\$16.3 million

The Managing Director's report outlines these results in more detail.

Key management and board changes in FY2020 include the following:

Nicholas Yates retired from the position of Chief Executive Officer of BSA Limited on 9 March 2020, a role Nicholas held since 13 March 2014. Nicholas has moved into a Non-Executive Director role with the company and I thank Nicholas for his ongoing commitment, counsel and leadership.

On 9 March this year, Tim Harris commenced his role as Chief Executive Officer having previously been Deputy Chief Executive Officer and Chief Operating Officer within the company. Arno Becker was promoted to Chief Financial Officer at the same time. The executive transition has been handled professionally. The new leadership team has already built a detailed three year strategy with

strong growth targets. We have confidence in the talent that has been brought into the organisation, and more importantly their capacity to execute on these plans.

On 2 September 2019, we welcomed Chris Halios-Lewis as a new Non-Executive Director. Chris is currently Chief Financial Officer of the WIN Group and brings significant experience in strategy, finance and acquisitions to the BSA Board.

Graeme Barclay announced his retirement from the BSA Board and stepped down on 16 December 2019. Graeme spent over four years on the BSA Limited Board during which time he generously contributed his depth of knowledge and experience. I thank Graeme for his support throughout his tenure with BSA Limited and wish him well for the future.

Finally, I would like to acknowledge my fellow Directors and the Executive Leadership Team for their continued support and resilience in a challenging year. I also thank all BSA staff for their efforts and sacrifice, both personal and professional, in these extraordinary times.

Michael Givoni
Chairman

24 August 2020

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CEO REPORT



Tim Harris
Managing Director and
Chief Executive Officer

OPERATIONAL AND FINANCIAL RESILIENCE

Amidst the backdrop of the COVID-19 pandemic, BSA has shown resilience and tenacity in its core businesses, continuing to generate annuity-like cash-backed profits and solid returns to shareholders. Group revenue from continuing operations has increased 4.4% to \$490.4 million (2019: \$469.8 million) with EBITDA 5.5% higher to \$23.0 million while net profit declined to \$7.8 million (2019: \$10.8 million). Operating cash inflow before interest and tax remained strong at \$18.3m (excluding deferral measures) (2019: \$19.1 million) with Net Cash at year-end of \$32.7 million strengthened by deferral measures made available by government agencies to navigate near-term uncertainty. Given the circumstances we are pleased with how we closed out the year and look forward to getting started with FY2021 delivery.

“Achieving sound financial results amidst the unprecedented challenges brought by COVID-19, FY2020 has shown us all the resilience and strength of the BSA Group.”

Communications and Utility Infrastructure (CUI) continues to perform and again has had a record year due to strong performances across all of its major platforms.

The division was only marginally impacted by COVID-19 as most of the clients operate in essential services.

Advanced Property Solutions (APS) finalised the divestment in **BSA | Build | HVAC** Major projects during the financial year in line with our stated strategy. **BSA | APS**, specifically in maintenance services, was impacted due to curtailed client spend on discretionary work, restricted site access and enforced workplace shutdowns. Our construction related operations were not impacted heavily and the pipeline of new work remains strong, although timing of specific project commencements remains uncertain.

As a group we continue to monitor government related stimulus and capital expenditure as we look to FY2021.

WORKFORCE SAFETY

The safety of our people is squarely at the forefront of our priorities. This was demonstrated through the effectiveness and efficiency of our response to COVID-19.

In very short order, COVID-19 response plans were established and disseminated across all locations with the majority of office based personnel enabled to work from home in a matter of days. As the pandemic evolves, we will continue to innovate and adapt to ensure a safe return to the workplace in line with public health orders across the states and territories. As a company, I am immensely proud of how we reacted, stood together and supported each other through these unprecedented times that have impacted many aspects of our personal and professional lives.

On operational safety we successfully undertook a number of initiatives during the year centred on the pillars of:

- Systems
- Risk Management (Critical Risk Control)
- HSE Capability
- Health and Wellbeing.



Architect's impression of Wynyard Place, Sydney - George Street view courtesy of Multiplex Global.

These pillars form the cornerstone for Safety at BSA and have been integrated in our safety protocols. Australia Stop for Safety month in October initiated a refresh of our “BSA Absolutes” and we also launched our Stop Work Authority. Our long term performance of frequency rates continue to trend down for both Lost Time Injuries (LTIFR) and Total Recordable Injuries (TRIFR). LTIFR and TRIFR moved from 1.98 to 1.58 and 9.01 to 7.12 respectively.

The key focus throughout FY2021 is to further integrate the BSA Safety Absolutes throughout our business which will be measured through a critical control program.

BSA maintained accreditations to Office of Federal Safety Commissioner (OFSC) and management system accreditations for Quality (AS/NZS: 9001), Environment (ISO: 14001) and Health & Safety (AS/NZS: 4801). A particular focus for the coming year will be the transition to the International Standard for Health and Safety, ISO 45001 accreditation.

GROWTH

With the divestment in BSA | Build | HVAC Major Projects finalised BSA turned its focus to extending current opportunities and targeting complimentary markets. Organically we have continued to successfully identify and secure new work and we are confident that our services will be in high demand once more certainty returns to the economy.

We are also targeting inorganic growth through potential strategic acquisitions allowing us to enter complementary markets whilst expanding our overall capability.

Our geographical footprint is viewed as a key competitive advantage and we continue to expand into regional and remote Australia.

Business development continues to evolve to ensure that we pre-empt client needs. Our core services offering of partnering with our clients to offer end-to-end asset lifecycle solutions has not changed and we continue to refine and enhance our capabilities.

During the year our technology team rolled out a world class field service management solution in BSA | CUI. The technology supports a more streamlined process, increased efficiency, scalability and improved end-customer experience. BSA | APS will migrate to the same platform which will underpin one of our key strategic objectives for FY2021 of data driven asset management.

COMMUNITY SUPPORT

BSA Group continued to support a number of charities during the year which include sizeable donations to the Australian Red Cross, NSW Rural Fire Service and NSW WIRES. We have also supported the Australian Bushfire Appeal following the devastating effects experienced across Australia during the summer.

In conjunction with nbn we also supported National Reconciliation week from 27 May 2020 to 3 June 2020.

DIVERSITY

BSA supports and recognises the importance of a workplace culture that values diversity and inclusion. We are committed to a workforce that reflects the membership of the communities in which it operates: this includes reflecting gender diversity as well as individual gender identity, sexual orientation, age, ethnicity, marital or family status, religious beliefs, political beliefs, cultural background, socio-economic status, perspectives, experience and education. By aspiring to reflect the diversity of the broader community, BSA recognises the benefits that diversity brings to the organisation. We believe that a diverse and inclusive workforce enables us to:

- provide our clients with innovative and flexible solutions;
- create a culture of continuous improvement; and
- commit to doing the right thing above and beyond basic compliance.

The company Diversity & Inclusion Policy has recently been reviewed to take our commitment to creating a diverse and inclusive workplace a step further. This will be achieved through four key approaches:

- creating a workplace culture that embraces and respects diversity and inclusion;
- addressing gender diversity in all areas of the organisation;
- improving overall diversity in hiring; and
- committing to a series of transparent checks and balances.

Progress against the commitments that underpin these approaches will be monitored by the CEO and the Board.

Below is summary of our current workforce gender diversity participation and targets currently established:

Group	Current		Target March 2022	
	Female	Male	Female	Male
Board	0%	100%	14%	86%
Executive Leadership Team	33%	67%	33%	67%

The Company is a “relevant employer” under the Workplace Gender Equality Act and company’s most recent “Gender Equality Indicators”, as defined in and published under that Act are available on the Company’s website.

BSA technician running cable for Foxtel satellite dish installation. Image courtesy of BSA Limited.



COMMUNICATIONS & UTILITY INFRASTRUCTURE (CUI)

BSA | Communications & Utility Infrastructure again achieved a record year in terms of revenue and profit despite some COVID-19 impacts in Q4 FY2020 with more than 1 million tickets of work successfully completed. The business achieved a revenue uplift of 8.5%, which combined with the successful implementation of cost optimisation programs delivered an EBITDA of \$21.0 million, representing a \$1.7 million or 8.8% increase on the prior year.

BSA | CUI completed construction under the nbn Multi-technology Integrated Master Agreement (MIMA), resulting in the reduction of year-on-year revenue of \$8.6 million. This revenue shortfall was more than offset by a strong increase in activity under the nbn Operate and Maintain (OMMA) contract, with revenue growth of \$39.8 million (25.9%). This growth was due to the business's ability to rapidly mobilise a significant increase in its technical workforce to successfully meet the nbn peak connection requirements for the Hybrid Fibre Coax (HFC) and the Fibre to the Curb (FTTC) rollout. This process was assisted by BSA's strategic investment in building an internal network workforce which completed numerous network maintenance projects in the year.

BSA | CUI signed a 5 year renewal deal of the Optus Consumer contract with revenue from this contract declining by 9.8% as a result of the migration of Optus HFC broadband customers over to the nbn platform.

Softness in the subscription television market continues as access to faster broadband to support streaming services continues to improve and more streaming competitors enter the market. As a result of these trends, revenue generated from our long-standing Foxtel contract declined by 22.4%. BSA has successfully been selected as Foxtel's preferred single vendor partner for an initial 3 year term which will increase our national geographic coverage from 50% to 100% once transition is complete in 1H FY2021. As part of this transition we will be working with the client to implement a transformational future delivery methodology which builds upon the current best-of-breed delivery model to drive further improvements in operational delivery as well as cost efficiency.

BSA | CUI achieved significant revenue growth within the "smart" electricity metering field services business throughout FY2020, increasing revenue to \$7.6 million (51% increase). It has now truly established itself in this market which will continue to grow through FY2021.

As a key pillar of its People, Process and Systems strategy, **BSA | CUI** has further capitalised on its significant investment in a world-class field service management solution which has enabled the delivery of significantly more streamlined, scalable and efficient services and a greatly improved end-customer experience. This has been progressively rolled out throughout FY2020 and will provide BSA with the platform for future growth.



BSA Technician providing services to nbn communications infrastructure. Image courtesy of BSA Limited

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KEY AREAS OF FOCUS FOR FY2021 INCLUDE:

- Continue current operational performance on existing core contracts, adapting to client needs as markets and industries evolve;
- Expansion into the wireless market;
 - Continue to attract & retain a highly-skilled technical workforce to provide BSA with a key competitive advantage and become the Employer of Choice;
- Continue to invest in our market leading Customer Experience Program;
- Capitalize on our leading edge technology implemented during FY2020; and
- Review complimentary strategic acquisition targets.

BSA | CUI

\$272.9 million

Revenue

[FY2019: \$251.5 million]

\$21.0 million *

EBITDA

[FY2019: \$19.3 million]

* Excludes Corporate Recharges

An 81 metre shaft that has been excavated to provide a main access point to transport workers to the tunnel at the NorthConnex Wilson Road Compound. Image courtesy of NorthConnex

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BSA | APS

\$217.5
million

Revenue

[FY2019: \$218.3 million]

\$8.6
million

EBITDA

[FY2019: \$9.5 million]

ADVANCED PROPERTY SOLUTIONS (APS)

In FY2020, **BSA | Build | Fire** and **BSA | Maintain** were consolidated into a single business and rebranded as **BSA | Advanced Property Solutions**. This included recruiting an Executive General Manager with deep industry experience and a track record of profitable growth. We have restructured our management team to support provision of complete multi-services of all building systems, enabling us to become our customers' trusted business partner for service of all hard assets on their properties.

BSA | APS full year revenue decreased by (\$0.8m) and EBITDA by (\$0.9m), a decline of (9.5%). This decrease in revenue and profitability was the result of the combination of investment in our geographic expansion strategy for future growth, and the second half being impacted by the COVID-19 pandemic, primarily in our maintenance services of the retail and tertiary education sectors.

Looking forward, FY2021 will see a major investment in data driven asset management, enabled through a world class technology platform. This platform will allow **BSA | APS** to provide services to our customers which reduce their overall costs, while at the same time increasing uptime and reducing reactive service requirements.

Our Fire construction business continues to perform, including being awarded the WestConnex Fire suppression systems on 12 November 2019. This marks the second major infrastructure project secured as we establish ourselves as market leaders in this field. Our success in securing this contract was made possible through our people, innovative design, prefabrication principles, and track record of quality, on-time delivery.

Key new clients and projects for the year also include:

NEW CONSTRUCTIONS

- Westconnex Link 3A (M4-M5 Link), New Build - Fire Systems (NSW)
- Gold Coast Airport, New Build - Fire Systems (QLD)
- Estia Health, Energy Solutions (Australia wide)
- 50 Martin Place, New Build - Fire Suppression (NSW)
- Sydney Football Stadium, New Build - Fire Suppression (NSW)
- 80 Anne Street, New Build - Fire Suppression (QLD)

SERVICE CONTRACTS AND PROJECTS

- HMAS Cerberus, Barpa, Mechanical Upgrade (VIC)
- Health WA North and South Metropolitan, Fire Service (WA)
- Melbourne Convention Centre, HVAC Service (VIC)
- Think Commercial, Multi Service (QLD)
- Aldi Supermarket National Contract for Multi-Service provision (Australia wide)
- 7-Eleven National Contract, Multi Service (Australia wide)

We have successfully completed various projects, including the following:

- NorthConnex Tunnel, Fire Suppression and HVAC Mechanical
- Grafton Correctional Facility, Fire Suppression

The success of these projects and the new work won has solidified BSA as a tier 1 provider for Fire Systems across infrastructure and complex facilities in NSW and Qld and established **BSA | APS** as a true multi-service provider nationally.



Tim Harris
Managing Director and
Chief Executive Officer

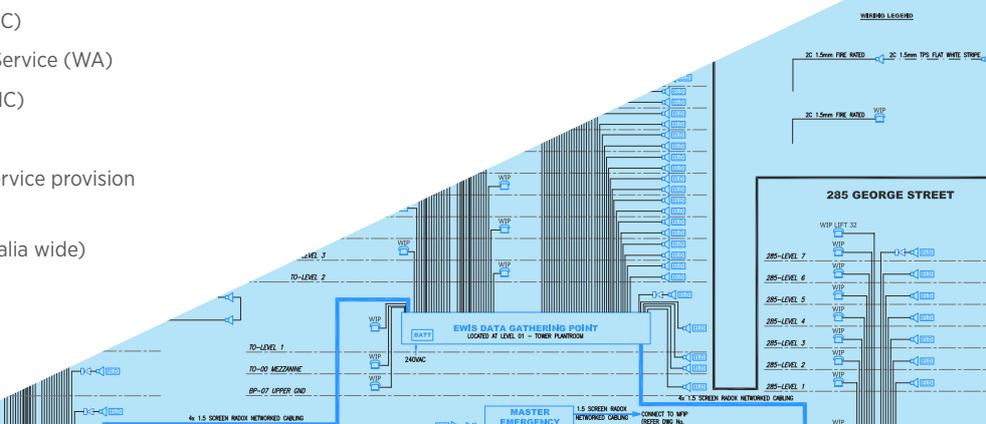
24 August 2020

DISCLOSING NON-IFRS FINANCIAL INFORMATION

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)*

	FY2020	FY2019
	\$'000	\$'000
Profit for the year from continuing operations	7,802	10,764
Add back		
Income tax expense	3,055	4,033
Finance costs	1,762	819
Interest revenue	(6)	(11)
Depreciation expense	6,891	5,515
Amortisation expense	3,484	674
EBITDA	22,988	21,794
Total Significant Items (note 6.4)	2,892	2,818
EBITDA excluding Significant Items	25,880	24,612

* From continuing operations.



DIRECTORS' REPORT

THE BOARD OF DIRECTORS PRESENTS ITS REPORT

The Directors of BSA Limited ('BSA' or the 'Company') present their report on the Company and its subsidiaries for the financial year ended 30 June 2020.

THE BOARD OF DIRECTORS AS AT 30 JUNE 2020



MICHAEL GIVONI

CHAIRMAN (NON-EXECUTIVE)

Mr Givoni has had extensive executive experience in the business-to-business (B2B) areas of commerce. His particular area of expertise is in strategy, business development and mergers and acquisitions. Michael has held senior executive roles in listed companies including Spotless Group Ltd. Prior to his executive career, Michael was a partner in a prominent Melbourne legal practice. Michael joined BSA as a Non-Executive Director on 23 March 2005 and was appointed as Chairman from 29 April 2015. He holds a number of other Non-Executive Director and Chair roles in significant privately owned businesses including Winslow Group, RSEA, First5Minutes and Buzz Products.



PAUL TEISSEIRE

NON-EXECUTIVE DIRECTOR

Mr Teisseire is a professional independent Non-Executive Director. He spent over 20 years in private practice as a corporate lawyer specialising in business and corporate law with a special interest in corporate governance. He is a Non-Executive Director and Audit Committee Chairman of Drake Supermarkets Pty Ltd and is a Non-Executive board member of Flinders Foundation Inc and a member of its Audit Committee. Paul was appointed as a Non-Executive Director on 23 March 2005 and is currently Chair of the Audit Committee.



TIMOTHY HARRIS

MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER

Mr Harris has been with the company for over 3 years and has driven a program of operational excellence leading to steady increases in margin, improving working capital performance and customer satisfaction. Tim has also built a strong leadership team across both operations and support areas that has set a platform for long term sustainable growth. Tim has over 25 years experience in senior operational and finance roles both domestically and internationally. Prior to joining BSA, Tim was CFO of CPB (previously Leighton Contractors) and before that held senior executive roles at Westfield, Brookfield and Transfield Services. Tim was appointed as Managing Director and Chief Executive Officer on 9 March 2020.



NICHOLAS YATES

NON-EXECUTIVE DIRECTOR

Mr Yates graduated with a Bachelor of Engineering (Mechanical) from the University of Sydney and went on to forge an extensive career in the building services and facilities management industries. Commencing as a site engineer overseeing mechanical services installations, Nicholas then progressed through various management roles within Lend Lease and eventually moved on to become CEO of APP Corporation Pty Limited, Australia's leading Construction Project Management consulting business. When APP was acquired by Transfield Services, Mr Yates moved into a series of leadership roles within Transfield Services, most recently Chief Executive Officer, Infrastructure ANZ. Nicholas sits on the Boards of a number of private companies. He was appointed Managing Director and Chief Executive Officer of BSA Limited on 13 March 2014 and retired from that position on 9 March 2020. Nicholas remains on the Board as a Non-Executive Director.



MARK LOWE

NON-EXECUTIVE DIRECTOR

Mr Lowe was appointed as a Director of BSA on 1 August 2007 upon completion of the acquisition of the Triple 'M' Group. Mark brings a wealth of knowledge to the Company from his 30 years' experience in the installation and maintenance of Air-Conditioning and Fire Protection Services. He is a former Director of Construction Information Systems Limited (NATSPEC) and a former National President of the Air-Conditioning Mechanical Contractors Association of Australia. Following his retirement from executive duties Mark was appointed a Non-Executive Director on 2 March 2012 and is currently Chair of the Remuneration Committee.



DAVID PRESCOTT

NON-EXECUTIVE DIRECTOR

Mr Prescott is the founder and Managing Director of Lanyon Asset Management, a value-oriented equities fund manager. He has over 20 years investing and financial analysis experience working for firms in Australia and the UK. Mr Prescott was previously Head of Equities at institutional fund manager, CP2 (formerly Capital Partners). Mr Prescott has an Economics degree from the University of Adelaide, a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia (FINSIA) and is a CFA Charterholder. Mr Prescott was appointed as a Non-Executive Director on 3 June 2019.



CHRISTOPHER HALIOS-LEWIS NON-EXECUTIVE DIRECTOR

Mr Halios-Lewis has over 20 years accounting and financial experience in auditing, public practice and industry. He is currently Chief Financial Officer and member of the Executive team of the WIN Group and Birketu Pty Ltd and has also held the positions of Group Financial Accountant, Finance Manager and Financial Controller during ten years with WIN. Chris is heavily involved with strategy, business development and acquisitions and is Company Secretary for all WIN and Birketu companies, Illawarra Community Foundation and a number of Joint Ventures with Prime Media. Chris is currently an alternate director for MediaHub Pty Ltd, a joint venture with ABC, a member of the Finance Committee of Free TV and director of Wollongong Wolves Football Club. Before joining WIN, Chris was Group

Financial Accountant at ASX listed Goodman Group. He graduated with a Bachelor of Science Accounting degree with honours from University of Wales, College, Cardiff in 1996 and having joined the audit team of Deloitte in 1999, gained ACCA qualification in 2002. Mr Halios-Lewis was appointed as a Non-Executive Director on 2 September 2019.



GRAEME BARCLAY NON-EXECUTIVE DIRECTOR (RETIRED)

Mr Barclay successfully led all aspects of a major telecommunications group for more than a decade in the role of Group CEO with responsibility for financial performance, strategy, sales, corporate development, international expansion, operations and capital structure. Graeme was appointed as a Non-Executive Director on 30 June 2015, and retired on 16 December 2019.

DIRECTOR INDEPENDENCE

The Board considers three of BSA's Directors independent, as defined under the guidelines of the ASX Corporate Governance Council, being: Michael Givoni, Paul Teisseire, and Mark Lowe.

In assessing the independence of Directors, the Board follows the ASX guidelines as set out in the Corporate Governance Statement on the Company's website.

PERFORMANCE OF DIRECTORS

In accordance with Principle 1.6 of the ASX Corporate Governance Principles and Recommendations, the Board conducts a review of the performance of its Directors and the Board's function as a whole each year. The evaluation of Directors is carried out in accordance with the process established by the Board, led by the Chairman of the Remuneration Committee.

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial year:

Mr Graham Seppelt - Mr Seppelt has had extensive experience as a contract accountant and in corporate advisory roles. He is currently Company Secretary for Erinbar Limited.

ENVIRONMENTAL REGULATION AND PERFORMANCE

BSA was not subject to any particular or significant environmental regulations of the Commonwealth, individual states, or territories, during the financial year.

CORPORATE GOVERNANCE

BSA continued to follow best practice recommendations as set out by the ASX Corporate Governance Council. Where the Company has not followed best practice for any recommendation, explanation is given in the Corporate Governance Statement which is available on the Company's website at www.bsa.com.au/pages/about/corporate-governance.html

REVIEW OF OPERATIONS

Information relating to the operations of BSA including a description of principal activities, a review of operations, significant changes in activities and affairs during the year and likely future developments and prospects can be found in the Chairman's Report and Managing Director's Report on pages 5 to 11.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

As at 30 June 2020, the following information is provided in relation to Directors:

Director	Special Responsibilities	Ordinary Shares	Options	Share Rights
Michael Givoni	Non-Executive Director Chairman of Board Member of Remuneration Committee Member of Audit Committee	1,461,828	Nil	Nil
Timothy Harris	Executive Director and Chief Executive Officer	375,391	Nil	671,056
Paul Teisseire	Non-Executive Director Member of Remuneration Committee Chairman of Audit Committee	680,012	Nil	Nil
Mark Lowe	Non-Executive Director Chairman of Remuneration Committee Member of Audit Committee	10,315,403	Nil	Nil
Nicholas Yates	Non-Executive Director Member of Remuneration Committee Member of Audit Committee	4,200,958*	Nil	Nil
David Prescott	Non-Executive Director Member of Remuneration Committee Member of Audit Committee	94,311,187*	Nil	Nil
Christopher Halios-Lewis	Non-Executive Director Member of Remuneration Committee Member of Audit Committee	73,175,760*	Nil	Nil

*David Prescott is Investment Manager of Lanyon Asset Management Pty Ltd which holds the 94,311,187 ordinary shares in BSA Limited.

*Christopher Halios-Lewis is Chief Financial Officer of Birketu Pty Ltd which holds the 73,175,760 ordinary shares in BSA Limited

*Since 30 June 2020, Nicholas Yates took up 52,525 ordinary shares as a result of allocation under the Company's Dividend Reinvestment plan which takes his total holding to 4,253,483 ordinary shares.

At the date of this Annual Report, there were no other changes in the interests of directors either for Ordinary Shares or Share Rights.

DIRECTORSHIPS HELD IN OTHER LISTED ENTITIES

Period of Appointment	Name of Company	Position Held (Non-Executive or Executive Director)
Nil		

REMUNERATION REPORT - AUDITED

This remuneration report details the nature and amount of remuneration for each key management person of BSA Limited.

The Company's policy for determining the nature and amount of remuneration for Board members and Senior Executives of the Company is as follows and is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Cash bonuses
- E. Share-based compensation
- F. Remuneration Consultants

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives, the creation of value for shareholders and conforms to market practice for how the reward is paid. The Board ensures that executives' 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.

In consultation with external remuneration consultants, the Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- Has the achievement of target financial profit as a core component of performance reward;
- As well as focusing each executive on key performance metrics relevant to the role; and
- Attracts and retains high calibre executives.

Alignment to program participants' interests:

- Rewards capability and experience;
- Reflects competitive reward for contribution to financial performance;
- Provides a clear structure for earning rewards; and
- Provides recognition for contribution.

The framework provides a mix of fixed and variable at-risk pay for executives and senior managers as well as additional long-term incentives for the most senior executives. As executives gain seniority and greater responsibility within the Group, the balance of this mix shifts to a higher proportion of at-risk rewards.

The Board has established a Remuneration Committee that provides advice on remuneration and incentive policies and practices, as well as specific recommendations on remuneration packages and other terms of employment for Executive Directors, other Senior Executives and Non-Executive Directors. The Corporate Governance Statement provides further information on the role of this committee.

REMUNERATION REPORT

The table below sets out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2020:

	30 June 2020 ²	30 June 2019 ²	30 June 2018 ²	30 June 2017	30 June 2016
Revenue	\$490.4m	\$469.8m	\$427.9m	\$492.3m	\$511.9m
Net profit/(loss) before tax	\$10.9m	\$14.8m	\$13.3m	\$5.6m	(\$3.0)m
Net profit/(loss) after tax	\$7.8m	\$10.8m	\$8.8m	\$4.0m	(\$2.2)m
Share price at start of year	\$0.320	\$0.305	\$0.340	\$0.245	\$0.165
Share price at end of year	\$0.325	\$0.325	\$0.305	\$0.340	\$0.245
Final Dividend ¹	0.50 cps	0.50 cps	0.50 cps	0.50 cps	0.00 cps
Basic earnings per share	1.81 cps	2.52 cps	2.09 cps	0.94 cps	(0.52) cps
Diluted earnings per share	1.81 cps	2.51 cps	2.08 cps	0.93 cps	(0.52) cps

1. Declared after the end of the reporting period and not reflected in the financial statements and will be franked to 100% at 30% corporate income tax rate

2. Based on continuing operations

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands that are made on, and the responsibilities of, the Directors.

The Chairman's fees are determined independently to the fees of Non-Executive Directors based on the Director's experience and comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Directors' and Chairman's Fees

The current base remuneration for Directors was last reviewed and determined on 26 June 2012, therefore there has been no increase in the base remuneration paid to a Director for eight years. Directors' fees are inclusive of superannuation and include the requirement to sit on two or more Board committees for the duration of their tenure. A Director's expected time commitment is a minimum ten hours per month. Directors are reimbursed actual expenses or paid a per diem allowance for attendance at the monthly meetings.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$600,000 per annum and was last approved by shareholders at the Annual General Meeting (AGM) on 26 November 2007. There has been no change to the aggregate fee pool for Non-Executive Directors for approximately 11 years. The following fees have applied during the year to 30 June 2020:

Base fees

Chairman	\$167,684
Other Non-Executive Directors	\$91,560

Non-Executive Directors are entitled to participate in the Non-Executive Director Fee Sacrifice Equity Plan.

Retirement Allowances for Directors

There are no retirement schemes or retirement benefits, other than statutory superannuation, paid to Non-Executive Directors.

Executive Pay

The Executive pay and reward framework has three components:

- Base pay and benefits, including superannuation;
- Short-term performance incentives; and
- Long-term incentives principally through participation in the performance rights plan.

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

Base Pay

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for Senior Executives is reviewed annually to ensure the executive's pay is competitive with the market and reflects the responsibilities of the position. An executive's pay is also reviewed on promotion. There are no guaranteed base pay increases included in the Senior Executive terms of employment.

Benefits

Executives receive benefits including allowances.

Retirement Benefits

All employees are eligible to participate in the Company's default superannuation fund. Consistent with applicable legislation, employees can exercise choice as to where their superannuation is paid.

Incentives

Executive remuneration packages include an incentive based on achievement of key performance indicators across safety, financial, people and client metrics for BSA Group. An EBIT gateway must be achieved to trigger payments under the plan to ensure variable at-risk reward is only available when value has been created for shareholders. Executive incentive participation % are determined depending on the accountabilities of the

role and the impact on the Group's performance. The maximum target incentive opportunity is 60% of Total Fixed Remuneration.

To the extent an incentive is awarded, 50% of the incentive is paid in cash, and the other 50%, which, at board discretion, can be either cash or rights, is deferred.

The Remuneration Committee is responsible for assessing whether the targets are met. Targets are set at the beginning of each financial year and are set for the year. Incentive payments are adjusted in line with actual performance versus target performance levels.

Executive Securities Plan

The establishment of the BSA Executive Securities Plan was approved by shareholders at the 2005 AGM. The plan was established as a mechanism to provide the Company's key executives with a direct equity interest in the Company to better align them with the shareholders.

No offers were made under the Executive Securities Plan to any Directors or employees of BSA Limited during the year ended 30 June 2020.

The number of shares held in escrow and the amount of the outstanding loans as at 30 June 2020 is set out in section E of this report.

The board has resolved there will no further issues to or loans made to any executives under this plan and has resolved to cancel this plan once the remaining loans have been repaid to the Company.

Employee Performance Rights Plan

At the AGM held on 25 November 2008, shareholders approved the introduction of the BSA Employee Performance Rights Plan.

This incentive plan is designed to increase the motivation of eligible key staff and to create a stronger link between increasing shareholder value and employee reward.

To achieve its corporate objectives, the Company needs to attract and retain key staff. The Board believes that awards made to selected eligible employees under this plan:

- Provide an incentive for the creation of, and focus on, shareholder wealth;
- Enable the Company to recruit and retain the talented people needed to achieve the Company's business objectives;
- Link the reward of key staff with the achievement of strategic goals and the performance of the Company;
- Align the financial interests of participants with those of Company shareholders; and
- Ensure the remuneration packages of employees are consistent with market practice.

Vesting of rights or shares under this Plan requires the achievement of appropriate performance or service hurdles to be determined by the Board:

- (i) Service condition of a specified period; or
- (ii) The Company's performance as measured by earnings per share (EPS), being the EPS for the relevant Measurement Period as determined by the Board having regard to the financial statements. Certain growth in EPS for the shares must be

attained in respect of each Measurement Period and pro-rata in respect of the initial Measurement Period.

Once rights have been exercised by an eligible employee (subject to relevant service or performance conditions being met), the Company may make non-refundable contributions to either fund the purchase of a new plan share, or to acquire on the ASX existing shares and transfer these to an eligible employee.

The specific terms of a particular grant, including any performance conditions, will be contained in the invitation and associated documentation sent to the eligible employee.

A right granted to a participant is not transferable and may not otherwise be dealt with, except with the Board's approval, or by operation of law on death or legal incapacity.

Rights to acquire shares are not exercisable until the end of the final measurement period, and until those rights have satisfied all vesting conditions and any performance hurdles established by the Board. This is subject to a number of exceptions (including death, cessation of employment, takeovers and schemes of arrangement). The rights will have a specified life determined by the Board. All grants of rights will have a life terminating five (5) years after the grant date or such other date as determined by the Board.

On or after the end of the final measurement period and provided any performance hurdle prescribed by the Board has been achieved and, where applicable, to the extent it has been achieved, the plan participant may then acquire shares by exercising the rights.

A right lapses if the vesting conditions are not met.

During the year to 30 June 2020, 2,237,998 rights were granted to executives of which 467,534 have vested, 208,109 vest on 27 November 2020 and 1,562,353 vest on 27 November 2021.

Fee Sacrifice Equity Plan for Individual Non-Executive Directors

The establishment of the BSA Fee Sacrifice Equity Plan for Individual Non-Executive Directors was approved by shareholders at the 2017 AGM. The plan establishes a mechanism for Non-Executive Directors (NEDs) to acquire shares in the Company by electing to salary sacrifice a proportion of annual fees, on a voluntary basis, and is intended to align their interests with shareholders.

All individuals holding NED roles in the Company or a subsidiary of the Company are eligible to become participants in the Plan.

The Company intends to invite each NED to voluntarily elect to apply for rights under the Plan, to be funded by salary sacrificing a proportion of annual Board fees. While the Company intends to issue invitations following the half-year and full-year results announcements, the Board will determine in its sole discretion each year whether to issue invitations.

Invitations will include such terms as the Board deems appropriate including the date of the invitation, the number of Deferred Rights that a participant is eligible to apply for, that the cost of each right/share is based on the 10 day VWAP post either the half or full year results announcement, the period during which disposal restrictions will apply, and such other terms and conditions as the Board determines.

REMUNERATION REPORT

Deferred Rights granted under this Plan will be fully vested on the date of grant (being the date notified in a Notice of Grant).

Deferred Rights will be automatically exercised 90 days after grant but may not be exercised earlier. On exercise of a right, the Board in its discretion will either: a) issue shares to Participants or b) arrange for shares to be acquired for the benefit of Participants by the trustee of the BSA Employee Share Trust. The Company will contribute such funds as needed to acquire shares either on-market or a subscription to a new issue as directed by the Board. These funds are recouped over 12 months from the Directors' fees that have been salary sacrificed to acquire the Deferred Rights. The shares that result from the exercise of Deferred Rights are Restricted Shares.

All shares acquired by Participants are subject to disposal restrictions that prevent disposal until the earlier of 15 years from the date of grant of rights and cessation of being a NED on the Board of BSA or a subsidiary of the Company (which will be specified Disposal Restrictions). During the period the Special Disposal Restrictions apply, the Restricted Shares may not be sold or otherwise disposed.

The Company may impose a CHES holding lock on Restricted Shares to ensure the participant does not sell them earlier than permitted under the Rules. The Company will advise each participant when it considers the specified disposal restrictions cease to apply.

Participants must not enter an arrangement with anyone if it would have the effect of limiting their exposure to risk in relation to Deferred Rights or Restricted Shares.

Participants will be treated in a manner that does not advantage or disadvantage them compared with other shareholders in the event of bonus issues, rights issues and capital reorganisation.

If a participant ceases to be a NED of the Company or a subsidiary

of the Company any unexercised Restricted Rights will be exercised automatically the day following cessation, and any Restricted Shares held by a Participant that are subject to Specified Disposal Restrictions will cease to be subject to such restrictions on the day of cessation unless otherwise determined by the Board and notified to the Participant in the Invitation.

During the year to 30 June 2020, Non-Executive Directors elected to acquire 205,882 Deferred Rights under this Fee Sacrifice Equity Plan.

B. DETAILS OF REMUNERATION

Details of the remuneration of the Directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified executives of BSA and the BSA Group are set out in the following tables.

The Key Management Personnel of the Group are the following:

(i) Chairman - Non-Executive

Michael Givoni

(ii) Non-Executive Directors

Paul Teisseire

Mark Lowe

Nicholas Yates

David Prescott

Chris Halios-Lewis (appointed 2 September 2019)

Graeme Barclay (resigned 15 December 2019)

(iii) Chief Executive Officer

Timothy Harris

(iv) Chief Financial Officer

Arno Becker



REMUNERATION REPORT

Non-Executive Directors, key management personnel of the Group and other executives of the Company and the Group

2020 Name	Short-term Benefits		Post Employment	Long-term Benefits		Share-based payments		Total	Performance Related
	Cash, Salary & Fees	Cash Bonus	Superannuation	Long Service Leave	Termination Benefits	Rights	Rights		
	\$	\$	\$	\$	\$	\$	%	\$	%
Non-Executive Directors									
Michael Givoni	89,063	-	8,461	-	-	70,000	41.78	167,524	-
Paul Teisseire	91,560	-	7,944	-	-	-	-	99,504	-
Mark Lowe	91,560	-	7,520	-	-	-	-	99,080	-
David Prescott	31,356	-	2,979	-	-	-	-	34,335	-
Graeme Barclay ¹	41,808	-	6,128	-	-	-	-	47,936	-
Chris Halios-Lewis ²	-	-	-	-	-	-	-	-	-
Sub-total	345,347	-	33,032	-	-	70,000		448,379	
Non-Executive Directors									
Other Key Management Personnel									
Executive Director									
Nicholas Yates ³	356,356	247,285	21,003	3,559	394,749	-	-	1,022,952	24.17
Chief Executive Officer									
Timothy Harris ⁴	590,037	177,669	21,003	9,701	-	95,406	10.67	893,816	30.55
Chief Financial Officer									
Arno Becker ⁵	90,047	-	8,258	1,960	-	-	-	100,265	-
Total compensation	1,381,787	424,954	83,296	15,220	394,749	165,406	-	2,465,412	-

¹ Resigned 15 December 2019.

² Appointed 2 September 2019.

³ Retired from the position on 9 March 2020.

⁴ Chief Executive Officer from 9 March 2020. Deputy Chief Executive Officer until 8 March 2020.

⁵ From 9 March 2020.

REMUNERATION REPORT

2019	Short-term Benefits		Post Employment	Long-term Benefits		Share-based payments			
	Cash, Salary & Fees	Cash Bonus	Superannuation	Long Service Leave	Termination Benefits	Rights	Rights	Total	Performance Related
Name	\$	\$	\$	\$	\$	\$	%	\$	%
Non-Executive Directors									
Michael Givoni	83,412	-	14,272	-	-	70,000	41.75	167,684	-
Paul Teisseire	83,616	-	7,944	-	-	-	-	91,560	-
Max Cowley ¹	57,831	-	5,494	-	-	-	-	63,325	-
Mark Lowe	83,616	-	7,944	-	-	-	-	91,560	-
Graeme Barclay	54,416	-	7,944	-	-	29,200	31.89	91,560	-
David Prescott ²	-	-	-	-	-	-	-	-	-
Sub-total	362,891	-	43,598	-	-	99,200		505,689	
Non-Executive Directors									
Executive Directors									
Nicholas Yates	649,657	-	20,343	6,478	-	-	-	676,478	-
Other Key Management Personnel									
Deputy Chief Executive Officer									
Timothy Harris	572,738	50,000	20,531	9,960	-	-	-	653,229	7.65
Total compensation	1,585,286	50,000	84,472	16,438	-	99,200		1,835,396	

¹ Resigned on 8 February 2019.

² Appointed 3 June 2019.

Performance Income as a Proportion of Total Remuneration:

Executive Directors and executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The Remuneration Committee has set these bonuses to encourage achievement of specific goals that have been given a high level of importance to the future growth and profitability of the consolidated Group.

The Remuneration Committee will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit.

C. SERVICE AGREEMENTS

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director.

Remuneration and other terms of employment for the Managing Director and the other key management personnel are also formalised in service agreements. Each of these agreements provide for the provision of performance-related cash bonuses, other benefits, car allowances, and participation, when eligible, in the BSA Employee Performance Rights Plan. Other major provisions of the agreements relating to remuneration are set out below.

Executives are on contracts with no fixed end date.

All contracts with executives may be terminated early by either party with three to six months notice.

REMUNERATION REPORT

D. CASH BONUSES

Bonuses vested as per the below table during the financial year ended 30 June 2020.

Key management personnel and executives are also entitled to a short-term cash incentive based on performance criteria described in section A to this Remuneration Report. Details of these FY2020 short-term incentives recognised as remuneration, forfeited or available for vesting in future financial years is outlined below.

Name	\$ Included in Remuneration	% Vested in current year	% Forfeited in current year
<i>Other key management personnel (Group)</i>			
Nicholas Yates	247,285	100	-
Timothy Harris	177,669	100	-
Total	424,954		

E. SHARE-BASED COMPENSATION

Executive Securities Loan

Set out below are summaries of Securities held in escrow:

Grant Date	Issue Price (cents)	Balance at Start of the Year Number	Granted During the Year Number	Released from Escrow During the Year Based on Full Loan Repayment Number	Balance in Escrow at End of the Year Number	Amount of Loan provided \$
<i>Consolidated and parent entity</i>						
13 Oct 2006	0.23	400,000	-	200,000	200,000	46,000
19 Jul 2007	0.63	600,000	-	350,000	250,000	157,500
11 Sep 2007	0.68	150,000	-	-	150,000	102,000
13 Sep 2007	0.68	-	-	-	-	-
14 Dec 2007	0.68	400,000	-	200,000	200,000	136,000
10 Feb 2009	0.10	500,000	-	250,000	250,000	25,000
Total		2,050,000	-	1,000,000	1,050,000	466,500

Employee Performance Rights Plan

Set out below are summaries of Rights issued to key management personnel under the plan:

Name	Grant Date	Vesting Date	Expiry Date	Balance at Start of the Year Number	Granted During the Year Number	Released from Escrow During the Year Number	Forfeited During the Year Number	Balance in Escrow at End of the Year Number	Fair Value per Right at Grant Date \$	Aggregate Fair Value \$
<i>Consolidated and parent entity</i>										
Nicholas Yates	25 Nov 2014	30 Jun 2015	25 Nov 2019	1,116,667	-	(1,116,667)	-	-	0.165	-
Nicholas Yates	28 Nov 2017	31 Jan 2018	28 Nov 2022	142,857	-	(142,857)	-	-	0.350	-
Timothy Harris	28 Jun 2019	30 Jun 2020	1 Mar 2024	175,391	-	(175,391)	-	-	0.371	-
Timothy Harris	27 Nov 2019	27 Nov 2021	26 Nov 2024	-	495,616	-	-	495,616	0.385	190,812
Total				1,434,915	495,616	(1,434,915)	-	495,616		190,812

Rights are granted over ordinary shares and nil is payable on exercise.

REMUNERATION REPORT

NED Fee Salary Sacrifice Plan

Set out below are summaries of Deferred Rights issued to Non-Executive Directors under the plan:

Name	Grant Date	Vesting Date	Expiry Date	Balance at Start of the Year Number	Granted During the Year Number	Released from Escrow During the Year Number	Forfeited During the Year	Balance in Escrow at End of the Year Number	Fair Value per Right at Grant Date \$	Aggregate Fair Value \$
Consolidated and parent entity										
Michael Givoni	28 Mar 2020	28 Mar 2020	28 Mar 2034	-	205,882	(205,882)	-	-	0.340	70,000
Total				-	205,882	(205,882)	-	-		70,000

Rights are granted over ordinary shares and nil is payable on exercise.

Approval for the issues of securities under the NED Fee Salary Sacrifice Plan was obtained under Listing Rule 10.14.

F. REMUNERATION CONSULTANTS

During the year ended 30 June 2020, the Board continued to consider the advice obtained from Godfrey Remuneration Group (GRG) as independent advisor in relation to the current structure of the Executive Performance Rights Plan and to the implementation of a Fee Salary Sacrifice Plan for Non-Executive Directors. The Board implemented the Fee Salary Sacrifice Plan following its approval at the 2017 AGM. No amendments have been made to the Executive Performance Rights Plan.

The continuing engagement of GRG during the year by the Chairman of the Remuneration Committee was based on an agreed set of protocols that have been followed by GRG, members of the Remuneration Committee and members of the key management personnel, governing the way in which remuneration recommendations would be developed by GRG and provided to non-executive members of the Remuneration Committee.

These arrangements were implemented to ensure that GRG would be able to carry out its work, including information capture and the formation of its recommendations free from undue influence by Executive Directors or executive key management personnel about whom the recommendations may relate.

The Board undertook its own inquiries and review of the processes and procedures followed by GRG and is satisfied that their remuneration recommendations were made free from such influence.

The Board and Remuneration Committee confirm that GRG made remuneration recommendations within the meaning of the Corporations Act in respect of the structure of the Incentive Plans being considered. These remuneration recommendations were made in respect of elements of remuneration and were not in respect of the quantum of the incentives to be provided.

The total consideration payable by the company to GRG for the provision of the remuneration recommendations in the 2020 financial year was \$21,250 (2019: \$17,500).

End of Audited Remuneration Report

MEETINGS OF DIRECTORS

The number of meetings of BSA's Board of Directors and each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Meetings Attended	Meetings Held during tenure in FY2020	Meetings Attended	Meetings Held during tenure in FY2020	Meetings Attended	Meetings Held during tenure in FY2020
	Michael Givoni	17	17	2	2	6
Nicholas Yates	17	17	*	*	1	2
Graeme Barclay	6	6	1	1	3	3
Timothy Harris	7	7	*	*	*	*
Paul Teisseire	17	17	2	2	5	6
Mark Lowe	16	17	2	2	6	6
David Prescott	17	17	2	2	6	6
Christopher Halios-Lewis	14	14	1	1	5	5

*Not a member of the relevant committees, but attended all the Audit Committee and Remuneration Committee meetings.

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Directors are subject to retirement by rotation and election by shareholders at a general meeting. No Director, other than the Managing Director, may remain on the Board for more than three years without re-election. Where a Director is appointed during the year, the Director will hold office until the next Annual General Meeting (AGM) and then be eligible for election.

Nicholas Yates retired as Managing Director on 9 March 2020 but remains on the Board as a Non-Executive Director. Mark Lowe and Nicholas Yates are the Directors who have been longest in office and who, being eligible, offer themselves for re-election at the 2020 AGM.

INDEMNIFYING OFFICERS OR AUDITORS

During the year, the Company paid a premium for a contract insuring all Directors, secretaries, Executive officers and officers of the Company, and of each related body corporate of the Company. The insurance does not provide cover for the independent auditors of the Company, or of a related body corporate of the Company.

In accordance with usual commercial practice, the insurance contract prohibits disclosure of details of the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premium paid under the contract.

No liability has arisen under this indemnity as at the date of this report.

RIGHTS

As at the date of this report, the unissued ordinary shares of the Company, under right, are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Right	Fair value at grant date
1 Mar 2019	1 Mar 2024	\$0.00	175,440	0.265
27 Nov 2019	26 Nov 2024	\$0.00	98,666	0.390
27 Nov 2019	26 Nov 2034	\$0.00	208,109	0.395
27 Nov 2019	26 Nov 2034	\$0.00	872,689	0.385
Total			1,354,904	

During the year ended 30 June 2020, 2,361,693 rights granted under the BSA Limited Employee Performance Rights Plan were exercised.

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

DIRECTORS' REPORT

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the Corporations Act 2001 (Cth) for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all, or part, of those proceedings.

No proceedings have been brought or intervened on behalf of the Company with leave of the court under section 237 of the Corporations Act 2001 (Cth).

NON AUDIT SERVICES

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

Details of the amounts paid or payable to the auditor (Deloitte Touche Tohmatsu) for audit and non-audit services during the year are set out below.

The Board of Directors has considered the position and in accordance with the advice received from the Audit Committee, is satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 (Cth) for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditors own work, acting in a management or a decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

AUDITOR'S REMUNERATION

	FY2020	FY2019
	\$	\$
Amounts due for the financial year to Deloitte Touche Tohmatsu for:		
Auditing or reviewing the financial report	385,000	386,060
Taxation services	996,706	469,883
Other non-audit services	12,300	55,000
	1,394,006	910,943

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2020 as required under section 307c of the Corporations Act 2001 (Cth) has been received and can be found on page 25 of this report.

ROUNDING OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

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



Michael Givoni
Chairman

24 August 2020



AUDITOR'S INDEPENDENCE DECLARATION



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Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

The Board of Directors
BSA Limited
Level 7, 3 Thomas Holt Drive
Macquarie Park NSW 2113

24 August 2020

Dear Directors,

Auditor's Independence Declaration to BSA Limited

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

As lead audit partner for the audit of the consolidated financial report of BSA Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants

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FINANCIAL REPORT

BSA LIMITED

ABN 50 088 412 748

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$'000	2019 \$'000
Revenue	5	486,107	469,484
Investment revenue		6	11
Other income, gains and losses	4.2	4,312	284
Changes in inventories of finished goods and work in progress	6.1	750	(230)
Subcontractor and raw materials used	6.1	(368,667)	(357,170)
Employee benefits expense	6.3	(61,224)	(54,424)
Depreciation expenses	6.2	(6,891)	(5,515)
Amortisation expenses	6.2	(3,484)	(674)
Finance costs		(1,762)	(819)
Other expenses		(38,290)	(36,150)
Profit from continuing operations, before tax		10,857	14,797
Income tax expense	7.1	(3,055)	(4,033)
Profit for the year from continuing operations, after tax		7,802	10,764
Discontinued Operations			
Loss from discontinued operations, after tax	16.2	(8,762)	(10,592)
(Loss) / profit for the year		(960)	172
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Net gain recognised on cash flow hedges		-	-
Total comprehensive income for the year, net of tax		(960)	172
Earnings per share for profit from continuing operations:			
Basic earnings per share		1.811 cents	2.523 cents
Diluted earnings per share		1.805 cents	2.511 cents

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 \$'000	2019 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		37,742	21,941
Trade and other receivables	11	57,570	58,963
Contract assets	12	3,550	12,835
Inventories		1,748	1,311
Assets held for sale	16.3	-	17,414
TOTAL CURRENT ASSETS		100,610	112,464
NON-CURRENT ASSETS			
Trade and other receivables	11	-	432
Property, plant & equipment	13	20,628	13,877
Deferred tax assets	7.2	7,611	8,982
Goodwill	14	11,185	11,185
Other intangible assets	15	7,418	3,526
TOTAL NON-CURRENT ASSETS		46,842	38,002
TOTAL ASSETS		147,452	150,466
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	73,495	62,873
Contract liabilities	12	2,482	14,092
Borrowings	19	2,116	1,766
Lease liabilities	20	5,384	1,087
Current tax liabilities		1,582	2,806
Provisions	21	13,854	11,730
Liabilities associated with assets held for sale	16.3	-	12,695
TOTAL CURRENT LIABILITIES		98,913	107,049
NON-CURRENT LIABILITIES			
Lease liabilities	20	8,966	2,820
Provisions	21	7,285	4,596
Investments in joint ventures		-	67
TOTAL NON-CURRENT LIABILITIES		16,251	7,483
TOTAL LIABILITIES		115,164	114,532
NET ASSETS		32,288	35,934
EQUITY			
Parent entity interest			
Issued capital	22	100,390	98,894
Reserves	23(a)	1,368	1,868
Accumulated losses	23(b)	(74,368)	(74,032)
Profit reserve	23(c)	4,898	9,204
TOTAL EQUITY		32,288	35,934

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

Consolidated						
Note	Issued Capital \$'000	Accumulated Losses \$'000	Profit Reserve \$'000	Share-based Payment Reserve \$'000	Total \$'000	
Balance at 30 June 2018	97,562	(65,243)	11,150	1,568	45,037	
Opening balance adjustment on initial application of AASB 15	-	(8,269)	-	-	(8,269)	
Opening balance adjustment on initial application of AASB 9	-	(520)	-	-	(520)	
Balance at 1 July 2018	97,562	(74,032)	11,150	1,568	36,248	
Profit for the year	-	-	172	-	172	
Total comprehensive income for the year	-	-	172	-	172	
Share-based payment expense	-	-	-	299	299	
Shares issued during period (including DRP)	1,332	-	(1,245)	1	88	
Dividends paid	23(d)	-	(873)	-	(873)	
Balance at 30 June 2019	98,894	(74,032)	9,204	1,868	35,934	
Opening balance adjustment on initial application of AASB 16	2.1	-	624	-	624	
Balance at 1 July 2019	98,894	(73,408)	9,204	1,868	36,558	
Loss for the year	-	(960)	-	-	(960)	
Total comprehensive income for the year	-	(960)	-	-	(960)	
Share-based payment expense	-	-	-	398	398	
Shares issued during period (including DRP)	22(b) & 23(d)	1,496	(528)	(898)	70	
Dividends paid or payable	23(d)	-	(3,778)	-	(3,778)	
Balance at 30 June 2020	100,390	(74,368)	4,898	1,368	32,288	

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$'000 ¹	Consolidated 2019 \$'000 ¹
Cash Flows From Operating Activities:			
Cash receipts from customers		536,514	641,665
Payments to suppliers and employees		(506,007)	(622,511)
Cash receipts from government assistance		2,665	-
Interest received		6	11
Interest and other costs of finance paid		(1,237)	(819)
Income tax paid		(656)	-
Net cash generated by operating activities	26(a)	31,285	18,346
Cash Flows From Investing Activities:			
Proceeds from disposal of property, plant and equipment		4,400	781
Proceeds from sale of assets previously held for sale		181	-
Payments related to assets previously held for sale		(4,415)	-
Payments for plant and equipment	13	(2,974)	(7,035)
Payments for software assets	15	(7,389)	-
Net cash used in investing activities		(10,197)	(6,254)
Cash Flows From Financing Activities:			
Payments for shares issued for vesting rights		-	1
Proceeds from borrowings		3,156	2,485
Repayment of borrowings		(2,806)	(1,569)
Repayment of executive loans		359	-
Payments of finance lease liabilities		(4,373)	(2,865)
Dividends paid to owners of the Company	23(d)	(1,623)	(873)
Net cash used in financing activities		(5,287)	(2,821)
Net increase in cash		15,801	9,271
Cash and cash equivalents at the beginning of the year		21,941	12,670
Cash and cash equivalents at the end of the year		37,742	21,941

¹ The above Consolidated Statement of Cash Flows includes both continuing and discontinued operations. Amounts related to discontinued operations are disclosed in Note 16.2.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1 GENERAL INFORMATION

BSA Limited (the Company) is a limited company incorporated in Australia. The address of its registered office and principal places of business are disclosed in the Corporate Directory at the end of the Annual Report. The principal activities of the Company and its subsidiaries (the Group) are described in note 25.

NOTE 2 APPLICATION OF NEW AND REVISED STANDARDS

2.1 New and amended accounting standards adopted by the Group

AASB 16 Leases (AASB 16)

In the current year, the Group has applied AASB 16 Leases on a modified retrospective basis which came into effect 1 July 2019. Details of the new requirements of AASB 16 as well as the impact on the Group's consolidated financial statements are described below.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for leases, excluding those that are classified as short-term leases or leases for low value assets, under a single on-balance sheet model similar to the accounting for finance leases under AASB 117 Leases (AASB 117). Lessor accounting under AASB 16 is substantially unchanged from previous accounting under AASB 117 and has no material impact to the Group.

AASB 16 requires contracts that contain leases for terms of more than 12 months to be recognised as assets measured as the present value of the expected future lease payments under the lease and any associated end of lease costs (make good) or upfront incentives as a liability measured by the present value of future lease payments and interest implicit in the lease. Over the term of the lease, the lease asset is depreciated on a straight-line basis over the term while the liability is reduced as payments are made and increased by applicable interest amounts. Prior to AASB 16, operating lease payments were expensed without recognition of an asset or liability for the total amounts payable over the lease term.

The Group applied the practical expedient in AASB 16 Appendix paragraph C3 that enables the Group to grandfather previous assessments, such that only leases that are leases on date of transition on 1 July 2019 are required to be assessed as a lease under AASB 16. The Group also applied a practical expedient for short term leases with an aggregate expense of \$77,000 recognised in the year.

Impact on application of AASB 16

The Group has applied AASB 16, using the modified approach, with the cumulative effect of initially applying the standard adjusted in the opening balance of equity and comparative figures are therefore not restated. The opening equity adjustment due to the application of the new standard is analysed by financial statement line item below.

	As reported 30 June 2019 \$'000	AASB 16 Transition Adjustments \$'000	Opening Balance 1 July 2019 \$'000
Impact on assets and equity at 1 July 2019:			
Property, plant and equipment (leased assets)	4,127	7,962	12,089
Deferred tax assets	8,982	28	9,010
Total net assets impact	13,109	7,990	21,099
Borrowings - lease liabilities	3,907	8,399	12,306
Provisions - lease incentives	1,033	(1,033)	-
Total liabilities impact	4,940	7,366	12,306
Accumulated losses	(74,032)	624	(73,408)
Total equity impact	(74,032)	624	(73,408)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2 APPLICATION OF NEW AND REVISED STANDARDS (CONTINUED)

Impact on the consolidated statement of profit and loss

Had AASB 16 Leases not been applied and the financial statements were still produced under previous guidance, AASB 16 Leases and related interpretations, the financial report for the year ended 30 June 2020 would have been impacted as follows:

- the statement of financial position as at 30 June 2020 would be impacted by reversing \$13.5 million of adjustments to total assets and \$14.4 million to total liabilities;
- the effect on depreciation, interest and occupancy expenses for the 12 months to 30 June 2020 would be \$3.6 million, \$0.5 million and \$(3.8) million, respectively; and
- the effect on both basic earnings per share and diluted earnings per share was insignificant.

Right of Use Liabilities

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 July 2019. The Group's weighted average incremental borrowing rate applied to the lease liabilities as at 1 July 2019 was 5.5%.

	1 July 2019
	\$'000
Operating lease commitments as at 30 June 2019	9,516
Discounted using Group's incremental borrowing rate at date of initial application	8,442
Add: finance leases recognised as at 30 June 2019	3,907
Less: short-term lease recognised on straight-line basis as expense	(43)
Lease liability recognised as at 1 July 2019	12,306

Of which were:	30 June 2020	1 July 2019
	\$'000	\$'000
Current lease liabilities	5,384	2,403
Non-current lease liabilities	8,966	9,903
	14,350	12,306

Right of Use Assets

The recognised right-of-use assets relate to the following types of assets

Of which were:	30 June 2020	1 July 2019
	\$'000	\$'000
Properties	7,208	6,113
Motor vehicles	6,269	5,976
Total right-of-use assets	13,477	12,089

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2 APPLICATION OF NEW AND REVISED STANDARDS (CONTINUED)

2.1 New and amended accounting standards adopted by the group (continued)

Practical expedients

Other than the adoption of AASB 16 Leases, no new standards or amendments to accounting standard applicable to reporting periods commencing after 1 July 2019 are expected to have a significant impact on the Group's consolidated financial statements.

While these standards introduce new disclosure requirements, they do not materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

The Group has used the following practical expedients as permitted under AASB 16:

- the use of a single discount rate to a portfolio of leases with similar characteristics;
- previous assessments on whether leases are onerous were relied upon;
- initial direct costs excluded in the measurement of the right-of-use asset on date of initial application; and
- operating leases with remaining lease terms of less than 12 months expensed as short term leases;

The Group also elected not to reassess whether a contract is, or contains a lease at the date of initial application.

For contracts executed before 1 July 2019, the Group relied on its assessment made under AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Variable lease payments

No lease payments are based on variables that require estimation.

2.2 Accounting policies newly applied

The following new or amended policies were applied in this financial report:

Lease recognition

Contracts are assessed as containing a lease where right of control over identifiable assets over a period of time is conveyed in exchange for consideration.

For such leases, the Group recognises a right-of-use asset and a right-of-use liability unless the lease is short term or of minor value where lease payments are recorded as an operating expense evenly over the lease.

The Group's lease portfolio is extensive with leases mainly for business premises, plant equipment and motor vehicles.

Presentation and measurement of right of use assets

Right of use assets recognised by the Group are presented within Property, Plant and Equipment along with owned assets by asset class. Initially, the right-of-use asset is measured with reference to the value determined for the associated right-of-use liability (refer below) less direct costs and any lease incentives. Expected end of lease costs such as make good are included in the right-of-use asset value determined at lease inception.

Over the lease term (including extended terms where judged appropriate) right-of-use assets are depreciated and periodically assessed for impairment. Depreciation begins when control of the leased asset by the Group occurs up until the date when control ends. In the event of changes to the lease, the right-of-use asset is remeasured with reference to the re-measurement of the right-of-use liability and the other factors considered at inception or new factors.

Presentation and measurement of right of use liabilities

Right of use liabilities recognised by the Group are presented within borrowings (current and non-current). Initially the right-of-use liability is measured as the present value of future lease payments discounted using an interest rate implicit in the lease or the Group's incremental borrowing rate. Future lease payments may be influenced by lease incentives, incremental increases during the lease term, extension options (where reasonably certain that will occur) and residual value guarantees expected to be paid.

Over the lease term, payments made reduce the right-of-use liability balance while applicable interest is recognised monthly as interest expense and increases the liability balance.

Remeasurement of the right of use liabilities occurs when substantive elements of the lease change such as changes to the lease term or variation to amounts payable under the lease.

2.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial report, the Standards and Interpretations that were issued but not yet effective are listed below.

- AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an investor and its Associate or Joint Venture [AASB 10 & AASB 128]', AASB 2015-10 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128' and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections'

The directors of the Group do not anticipate that the application of these amendments, will have a material impact on the Group's consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purpose of preparing consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The consolidated financial statements were authorised for issue by the Directors on 24 August 2020.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The parent entity carries its investment in subsidiaries at cost less impairment (if any).

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.5 Revenue recognition

Revenue is recognised when control is transferred at an amount that is highly probable that a significant reversal of revenue will not occur.

3.5.1 Services revenue

The Group performs installation and maintenance services for a variety of different industries. Contracts entered into can cover installation and servicing of related assets which may involve various different processes. The total transaction price is allocated across each service or performance obligation and, where linked, the construction of the relevant asset. The transaction price is allocated to each performance obligation based on contracted prices. The total transaction price may include variable consideration.

3.5.2 Installation and servicing fees

Performance obligations are fulfilled at a point in time as the benefits provided to our customers under this category of work type do not transfer to the customer until the completion of the service and as such revenue is recognised upon completion.

Customers are in general invoiced on a monthly basis for an amount that is calculated on either a schedule of rates or a cost plus basis that are aligned with the stand alone selling prices for each performance obligation. Payment is received following invoice on normal commercial terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5.3 Construction revenue

The Group provides the design and installation of building services for commercial and industrial buildings including mechanical services, air conditioning, heating and ventilation, refrigeration and fire services. Contracts entered into may be for the construction of one or several separate inter-linked pieces of large infrastructure. The construction of each individual piece of infrastructure is generally taken to be one performance obligation. Where contracts are entered for the building of several projects the total transaction price is allocated across each project based on stand-alone selling prices. The transaction price is normally fixed at the start of the project. It is normal practice for contracts to include bonus and penalty elements based on timely construction or other performance criteria known as variable consideration, discussed below.

The performance obligation is fulfilled over time and as such revenue is recognised over time. As work is performed on the assets being constructed they are controlled by the customer and have no alternative use to the Group, with the Group having a right to payment for performance to date.

Generally, contracts identify various inter-linked activities required in the construction process. Revenue is recognised on an input basis.

Revenue earned is typically invoiced monthly or in some cases on achievement of milestones or to match major capital outlay. Invoices are paid on normal commercial terms, which may include the customer withholding a retention amount until finalisation of the construction. Certain construction projects entered into receive payment prior to work being performed in which case revenue is deferred on the consolidated statement of financial position.

3.5.4 Variable consideration

It is common for contracts to include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related KPIs. Where consideration in respect of a contract is variable, the expected value of revenue is recognised when the uncertainty associated with the variable consideration is highly probable of being resolved (known as constraint requirements). The Group assesses the constraint requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise whilst also considering the constraint requirement.

3.5.5 Contract fulfilment costs

Costs incurred prior to the commencement of a contract may arise due to mobilisation/site setup costs, feasibility studies, environmental impact studies and preliminary design activities as these are costs incurred to fulfil a contract. Where these costs are expected to be recovered, they are capitalised and amortised over the course of the contract consistent with the transfer of service to the customer. Where the costs, or a portion of these costs, are reimbursed by the customer, the amount received is recognised as deferred revenue and allocated to the performance obligations within the contract and recognised as revenue over the course of the contract.

3.5.6 Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer is significant and therefore there aren't expected to be financing components within the contracts. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

3.5.7 Loss making contracts

A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue.

3.5.8 Interest revenue

Interest revenue is recognised on an accruals basis.

3.5.9 Dividend income

Dividend income is recognised when the dividend is declared.

3.5.10 Government grants

Amounts received in the form of government grants are recognised as other income when received, unless specific conditions apply in which case the grant income is recognised as and when such performance conditions are met.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Contract assets and liabilities

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

3.7 Right of use assets and liabilities

Lease recognition

Contracts are assessed as containing a lease where right of control over identifiable assets over a period of time is conveyed in exchange for consideration. For such leases, the Group recognises a right-of-use asset and a right-of-use liability unless the lease is short term or of minor value where lease payments are recorded as an operating expense evenly over the lease.

The Group's lease portfolio is extensive with leases mainly for business premises, plant equipment and motor vehicles.

Presentation and measurement of right of use assets

Right of use assets recognised by the Group are presented within Property, Plant and Equipment along with owned assets by asset class. Initially, the right-of-use asset is measured with reference to the value determined for the associated right-of-use liability (refer below) less direct costs and any lease incentives. Expected end of lease costs such as make good are included in the right-of-use asset value determined at lease inception.

Throughout the lease term (including extended terms where judged appropriate) right-of-use assets are depreciated and periodically assessed for impairment. Depreciation begins when control of the leased asset by the Group occurs up until the date when control ends. In the event of changes to the lease, the right-of-use asset is remeasured with reference to the remeasurement of the right-of-use liability and the other factors considered at inception or new factors.

Presentation and measurement of right of use liabilities

Right of use liabilities recognised by the Group are presented within borrowings (current and non-current). Initially the right-of-use liability is measured as the present value of future lease payments discounted using an interest rate implicit in the lease or the Group's incremental borrowing rate. Future lease payments of leases may be influenced by lease incentives, incremental increases during the lease term, extension options (where reasonably certain that will occur) and residual value guarantees expected to be paid.

Over the lease term, payments made reduce the right-of-use liability balance while applicable interest is recognised monthly as interest expense and increases the liability balance.

Remeasurement of the right of use liabilities occurs when substantive elements of the lease change such as changes to the lease term or variation to amounts payable under the lease.

3.8 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

3.10 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 27.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.11.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.11.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.11.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.11.4 Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 August 2007 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is BSA Limited. The members of the tax-consolidated group are identified in note 7.3. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from un-used tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or received by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

3.12 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost.

Depreciation on buildings is recognised in profit or loss.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right of use assets are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.13 Intangible assets

3.13.1 Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13.2 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.14 Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on the basis of weighted average cost. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.16.1 Warranties

Provisions for the expected cost of warranty obligations under construction contracts are recognised at the Directors' best estimate of the expenditure required to settle the Group's obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16.2 Make Good

Provisions for the estimated cost of work to comply with make good provisions in certain Group property leases are recognised at the Directors' best estimate of the expenditure to settle the Group's obligation.

3.17 Financial Assets

Financial assets are classified as either those measured at fair value, with adjustments to fair value through the change in Other Comprehensive Income (FVTOCI) or through Profit or Loss (FVTPL); and those measured at amortised cost.

3.17.1 Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.17.2 Trade and other receivables

Trade and other receivables are carried at original invoice amount, less expected credit losses provided for. Collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts that are determined to be uncollectable are written off when identified.

3.17.3 Impairment of financial assets

Trade and other receivables are subject to AASB 9's Expected Credit Losses model for recognising and measuring impairment of financial assets.

The simplified approach has been applied for all trade and other receivables that do not have a significant financing component. For these receivables, the age of outstanding balances have been analysed and historical default percentages adjusted for other current observable data has been applied as a means to estimate lifetime Expected Credit Losses using a provision matrix approach.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

3.18 Financial liabilities and equity instruments issued by the Group

3.18.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.18.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3.18.3 Financial Liabilities

Financial liabilities are classified as 'other financial liabilities'.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18.4 Other Financial Liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying on initial recognition.

3.19 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are presented in the consolidated statement of cash flow on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

NOTE 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1.1 Contracts - estimates to complete

Construction contracts are accounted for as described in note 3.5.3. Inherent in the assessment of profitability of each contract is the estimate to complete.

This estimate requires the Directors to assess the conduct of the contract to date and the expected cost to complete the contract. In addition, where appropriate, Management and the Directors assess the probability of recovery of variations within the contract estimates. Variations in contract work and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable. Claims and variations can be both approved and not approved by the customer. Where the claim and/or variation are not approved by the customer, estimates are made in relation to the claim and/or variation position and management assesses the recovery at each reporting period.

4.1.2 Recoverability of goodwill

Goodwill is not amortised but assessed for impairment at least once a year (and when there is evidence of impairment). The Group uses a Fair Value Less Costs to Sell (FVLCTS) method to assess impairment. This method determines the amount which the business to which the goodwill relates to could be sold for (less sale related expenses).

The recoverable amount determined from the FVLCTS assessment is then compared to the carrying amount of assets to determine if there is any impairment. Impairment testing is complex and involves the following key judgements:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

- Impairment is tested at a cash generating unit (CGU) level; which is the lowest level at which the Group generates discrete and separate cash inflows and outflows. The Group considers this to be at the Fire Build CGU level; which is a component of the Advanced Property Solutions segment as disclosed in note 25.
- The calculation of FVLCTS models is complex and involves a significant number of judgements regarding future performance and the price which an external party would pay to purchase businesses similar to those operated by the Group. The disclosures in note 14 outline the key assumptions and the outcome of impairment testing completed.

See note 14 for details.

4.1.3 Payroll Tax Liability

Following the settlement of the NSW Office of State Revenue (OSR), BSA has entered into a repayment plan with the NSW OSR. The provision for this matter at the end of FY2020 stands at \$1,328,000 (FY2019: \$1,843,000).

See note 21 for details.

4.2 COVID-19 impact

On 27 February 2020, the Australian government declared COVID-19 a national pandemic. The Governor General of Australia on 18 March 2020 soon after declared COVID-19 a Human Biosecurity Emergency. Governmental measures aimed at suppressing the transmission of coronavirus in Australia have had a consequential impact on economic activity generally across the markets in which BSA conducts business.

Other income during FY2020 of \$4,312,000 related to: \$3,890,000 government assistance (JobKeeper wage subsidy) utilised in accordance with government guidelines to maintain BSA's workforce; and other gains, including gains on sale of plant and equipment, of \$422,000.

Commonwealth and State government initiatives aimed at alleviating cash flow pressures, including the deferment of indirect tax payments, have applied to BSA during FY2020. Refer note 18.

The assessment of expected credit losses included a consideration of the possible implications that COVID-19 may have on customer's ability to pay. Refer note 11.

The assessment of the recoverable value of goodwill included a consideration of the possible implications that COVID-19 may have on future economic value of the relevant cash-generating unit. Refer note 14.

The operations of the Group demonstrate a high degree of resilience due to the sizeable proportion of the business that qualify as an essential service.

NOTE 5 REVENUE

	Consolidated	
	2020	2019
	\$'000	\$'000
The following is an analysis of the Group's revenue from continuing operations		
BSA Communications & Utility Infrastructure	272,924	251,462
BSA Advanced Property Solutions	213,183	218,022
Total Revenue	486,107	469,484

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 6 PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

		Consolidated	
		2020	2019
		\$'000	\$'000
Profit/(Loss) for the year from continuing operations has been arrived at after charging/(crediting):			
6.1	Cost of sales	367,917	357,400
6.2	Depreciation and amortisation expense		
	Depreciation of property, plant and equipment	6,891	5,515
	Amortisation of intangible assets	3,484	674
	Total depreciation and amortisation expense	10,375	6,189
6.3	Employee benefits expense		
	Post employment benefits		
	Superannuation	9,854	8,721
	Share-based payments (see note 27)		
	Equity-settled share-based payments	333	299
	Termination benefits	665	1,408
	Other employee benefits	50,372	43,996
	Total employee benefits expense	61,224	54,424
6.4	Significant items		
	Business reorganisation and restructure costs	-	9,128
	nRAH completion and commissioning costs and settlement impact	-	61
	Legal and professional fees relating to legacy issues	2,892	1,410
	Total significant items	2,892	10,599

Significant items for FY2020 include \$nil associated with discontinued operations (FY2019: \$7,781,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 7 INCOME TAXES

		Consolidated	
		2020	2019
		\$'000	\$'000
7.1	Income tax recognised in profit or loss	Note	
	Income tax expense		
	Current tax expense	879	2,806
	Deferred tax relating to the origination and reversal of temporary differences	-	1
		879	2,807
	Income tax is attributable to:		
	Profit from continuing operations (as reported in the consolidated statement of profit or loss)	3,055	4,033
	Loss from discontinued operations (refer Note 16.2)	(2,176)	(1,226)
		879	2,807
	The expense for the year can be reconciled to the accounting loss as follows:		
	Profit from continuing operations, before tax	10,857	14,797
	Loss from discontinued operations, before tax (refer to Note 16.2)	(10,938)	(11,818)
	(Loss)/profit before income tax expense	(81)	2,979
	Income tax expense calculated at 30%	(24)	894
	Adjusted for:		
	Other non deductible items (goodwill impairment)	1,199	1,394
	Other	(296)	-
		879	2,288
	Adjustments recognised in the current year in relation to the current tax of prior years		
	(Over)/under provision	-	519
		-	519
	Total income tax expense recognised in the current year relating to continuing operations	879	2,807

The tax rate used for the 2020 and 2019 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 7 INCOME TAXES (CONTINUED)

7.2 Deferred tax balances

	Consolidated	
	2020	2019
	\$'000	\$'000
Temporary differences		
Finance leases	300	140
Intangible assets	(118)	(320)
Employee benefits	3,416	4,144
Provisions (adjusted for AASB 15 and AASB 9)	3,384	3,866
Expected credit losses (adjusted for AASB 15 and AASB 9)	629	1,152
	7,611	8,982

7.3 Tax consolidation

Relevance of tax consolidation to the Group

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 August 2007 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is BSA Limited. The members of the tax-consolidated group are identified in note 16. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from un-used tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or received by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 8 KEY MANAGEMENT PERSONNEL

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

	Consolidated	
	2020	2019
	\$	\$
Short-term employee benefits	1,806,741	1,635,286
Post-employment benefits	83,296	84,472
Other long-term benefits	15,220	16,438
Termination benefits	394,749	-
Share-based payments	165,406	99,200
	2,465,412	1,835,396

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' Report on pages 15 to 22 of this Annual Report.

NOTE 9 AUDITORS' REMUNERATION

	Consolidated	
	2020	2019
	\$	\$
Remuneration of the auditor of the Group for:		
- Auditing or reviewing the Financial Report	385,000	386,060
- Taxation services	996,706	469,883
- Other non-audit services	12,300	55,000
	1,394,006	910,943

The auditor of BSA Limited is Deloitte Touche Tohmatsu.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 10 EARNINGS PER SHARE

	2020	2019
	\$'000	\$'000
		Consolidated
(a) Profit for the period attributable to shareholders of the parent entity used in earnings per share (EPS)		
Continuing operations	7,802	10,764
Discontinued operations	(8,762)	(10,592)
	(960)	172
	Number	Number
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	430,911,121	426,587,199
Weighted average number of options/rights outstanding	1,434,964	2,050,196
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	432,346,085	428,637,395
	Cents	Cents
(c) Basic earnings per share		
Continuing operations	1.811	2.523
Discontinued operations	(2.033)	(2.483)
	(0.222)	0.040
(d) Diluted earnings per share		
Continuing operations	1.805	2.511
Discontinued operations	(2.027)	(2.471)
	(0.222)	0.040
(e) Information concerning the classification of securities		
Options/Rights		
Options granted to employees under the BSA Limited Employee Option Plan and rights granted to employees under the BSA Limited Employees Performance Rights Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options/rights have not been included in the determination of basic earnings per share. Details relating to the options and rights are set out in note 27.		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 11 TRADE AND OTHER RECEIVABLES

	Consolidated	
	2020	2019
	\$'000	\$'000
CURRENT		
Trade receivables	41,289	48,323
Expected credit losses	(2,096)	(1,705)
	39,193	46,618
Executive Share Plan receivables	367	294
Accrued revenue	16,475	10,303
Prepayments	1,535	1,748
	18,377	12,345
	57,570	58,963
NON-CURRENT		
Executive Share Plan receivables	-	432
	-	432

Trade receivables

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The average credit period for the Group is 32 days (2019: 38 days). No interest is charged on overdue receivables. Expected credit losses are recognised against trade receivables greater than 60 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty.

Before accepting a new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

Age analysis of trade receivables that are past due but not impaired at the reporting date

	Consolidated					
	2020			2019		
	Total	Amount Impaired	Amount Not Impaired	Total	Amount Impaired	Amount Not Impaired
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not past due	16,425	14	16,411	39,273	6	39,267
Past due [30] days	15,559	349	15,210	3,410	579	2,831
Past due [30-60] days	3,911	161	3,750	2,100	278	1,822
Past due [60-90] days	1,968	19	1,949	965	23	942
Past due [>90] days	3,426	1,553	1,873	2,575	819	1,756
Total	41,289	2,096	39,193	48,323	1,705	46,618

As at 30 June 2020, the Group had current trade receivables of \$2,096,000 (2019: \$1,705,000) that were impaired. The amounts relate to customer who had not responded to final request for payment notices, customers that BSA had requested external collection agencies to collect outstanding debts or customers who have disputed invoiced amounts.

Analysis of Allowance Account

	Consolidated	
	2020	2019
	\$'000	\$'000
Opening Balance	1,705	1,180
Provisions for doubtful receivables current	699	559
Receivables written off during the year	(308)	(34)
Closing balance	2,096	1,705

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 12 CONTRACT ASSETS AND LIABILITIES

	Consolidated	
	2020	2019
	\$'000	\$'000
Contract assets	3,550	12,835
Contract liabilities	(2,482)	(14,092)

Contract assets primarily relate to the Group's right to consideration for construction work completed but not invoiced at the balance sheet date. The contract assets are transferred to trade receivables when the amounts are certified by the customer. On most contracts certificates are issued by the customer on a monthly basis.

The contract liabilities primarily relate to the advance consideration received from customers in respect of performance obligations which have not yet been fully satisfied and for which revenue has not been recognised. All contract liabilities held at 30 June 2020 are expected to satisfy performance obligations in the next 12 months.

Significant changes in the contract assets and the contract liabilities during the period are as follows:

	Consolidated			
	2020		2019	
	Contract assets \$'000	Contract liabilities \$'000	Contract assets \$'000	Contract liabilities \$'000
Opening balance	12,835	(14,092)	-	-
Effect of change in accounting policies	-	-	(11,814)	-
Reclassifications	-	-	56,252	(24,110)
As restated	12,835	(14,092)	44,438	(24,110)
Revenue recognised:				
performance obligations satisfied in the current year	206,885	9,636	213,143	9,204
adjustments to performance obligations satisfied in previous years	-	1,974	-	814
Cash received for performance obligations not yet satisfied	(1,944)	-	-	-
Amounts transferred to trade receivables	(214,226)	-	(244,746)	-
Closing balance	3,550	(2,482)	12,835	(14,092)

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the balance sheet date:

	Future years \$'000
Work in hand - continuing operations	290,837

Work in hand includes estimates of future revenue streams for existing contracts. Final volumes may be higher or lower than present estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

Consolidated

	Land	Buildings	Leasehold Improve- ments	Plant & Equipment	Right of Use assets - premises	Right of Use assets - vehicles	Make Good	Assets Under Construction	Total
Cost	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 30 June 2018	253	410	5,908	35,689	-	14,433	1,265	557	58,515
Additions	-	-	153	4,094	-	526	169	-	4,942
Disposals	-	-	(355)	(1,495)	-	(1,843)	(180)	-	(3,873)
Reclassified as Held for Sale	-	-	(117)	(2,846)	-	(1,048)	-	-	(4,011)
Transfers	-	-	-	391	-	-	-	(391)	-
Balance as at 30 June 2019	253	410	5,589	35,833	-	12,068	1,254	166	55,573
Initial adoption of AASB 16	-	-	-	-	7,367	5,976	(1,254)	-	12,089
Additions	-	-	1,108	1,714	2,817	745	-	71	6,455
Disposals	-	-	-	(2,037)	(216)	(3,535)	-	-	(5,788)
Transfers	-	-	-	166	-	-	-	(166)	-
Balance as at 30 June 2020	253	410	6,697	35,676	9,968	15,254	-	71	68,329
Accumulated depreciation									
Balance as at 30 June 2018	-	105	3,736	30,178	-	9,437	453	-	43,909
Additions	-	16	672	2,498	-	1,857	472	-	5,515
Disposals	-	-	(351)	(1,495)	-	(1,804)	(180)	-	(3,830)
Reclassified as Held for Sale	-	-	(117)	(2,741)	-	(1,040)	-	-	(3,898)
Transfers	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2019	-	121	3,940	28,440	-	8,450	745	-	41,696
Initial adoption of AASB 16	-	-	-	-	745	-	(745)	-	-
Additions	-	16	1,718	1,966	2,015	1,176	-	-	6,891
Disposals	-	-	-	(245)	-	(641)	-	-	(886)
Transfers	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2020	-	137	5,658	30,161	2,760	8,985	-	-	47,701
Net Book Value as at 30 June 2020	253	273	1,039	5,515	7,208	6,269	-	71	20,628
Net Book Value as at 30 June 2019	253	289	1,649	7,393	-	3,618	509	166	13,877

13.1 The following useful lives are used in the calculation of depreciation:

Buildings	25 years
Leasehold improvements	4 - 5 years
Plant and equipment	3 - 10 years
Right of Use - Premises	1 - 5 years
Right of Use - Vehicles	3 - 5 years

13.2 Assets held as security

Fixed and floating charges over the whole of the parent entity and its subsidiaries assets have been pledged as security for bank loans (see note 19).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 14 NON-CURRENT ASSETS - GOODWILL

Consolidated

\$'000

Cost

Closing carrying value

2020

11,185

2019

11,185

Goodwill relates to **BSA | Build | Fire**.

The assessment of impairment of goodwill is based on a Fair Value Less Cost of Disposal (FVL COD) model. The model includes the following key assumptions:

- EBITDA for the CGU is broadly consistent with the 30 June 2021 financial year budgeted EBITDA.
- EBITDA multiples for arm's length transactions of businesses similar in size and nature to the business units within recent financial periods.

The resulting FVL COD model is consistent with a level 3 instrument in the fair value hierarchy. No reasonably possible changes would unfavourably impact the model to the extent that the related goodwill would be impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 15 NON-CURRENT ASSETS - OTHER INTANGIBLE ASSETS

Intangible assets, other than goodwill, have finite lives. The current amortisation for intangible assets is included under depreciation and amortisation expense per the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

	Order Backlog \$'000	Software \$'000	Assets Under Construction \$'000	Total \$'000
Cost				
Balance as at 30 June 2018	10,079	-	130	10,209
Additions	-	-	2,330	2,330
Balance at 30 June 2019	10,079	-	2,460	12,539
Additions	-	1,099	6,290	7,389
Transfers	-	7,059	(7,059)	-
Disposals	-	(164)	-	(164)
Balance at 30 June 2020	10,079	7,994	1,691	19,764
Accumulated amortisation and impairment				
Balance as at 30 June 2018	(8,339)	-	-	(8,339)
Amortisation expense	(674)	-	-	(674)
Balance at 30 June 2019	(9,013)	-	-	(9,013)
Amortisation expense	(674)	(2,810)	-	(3,484)
Disposals	-	151	-	151
Balance at 30 June 2020	(9,687)	(2,659)	-	(12,346)
Net Book Value as at 30 June 2020	392	5,335	1,691	7,418
Net Book Value as at 30 June 2019	1,066	-	2,460	3,526

The following useful lives are used in the calculation of amortisation:

Order backlog	1 to 9.5 years
Software	2 to 5 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 16 OTHER FINANCIAL ASSETS

(a) Shares in subsidiaries

Details of Group Companies

	Principal Activity	Place of incorporation	Percentage owned (%)	
			2020	2019
Parent Entity:				
BSA Limited		Australia	-	-
Ultimate Parent Entity:				
BSA Limited		Australia	-	-
Name of Subsidiary				
Mr Broadband Pty Limited	BSA APS	Australia	100%	100%
BSA Advanced Property Solutions (Holdings) Pty Ltd (formerly BSA Maintain (Holdings) Pty Limited, formerly Allstaff Airconditioning Holdings Pty Limited)	BSA APS	Australia	100%	100%
BSA Advanced Property Solutions (VIC) Pty Ltd (formerly BSA Maintain (VIC) Pty Limited, formerly Allstaff Airconditioning (VIC) Pty Limited)	BSA APS	Australia	100%	100%
BSA Advanced Property Solutions (NSW) Pty Ltd (formerly BSA Maintain (NSW) Pty Limited, formerly Allstaff Airconditioning (NSW) Pty Limited)	BSA APS	Australia	100%	100%
BSA Advanced Property Solutions (ACT) Pty Ltd (formerly BSA Maintain (ACT) Pty Limited, formerly Allstaff Airconditioning (ACT) Pty Limited)	BSA APS	Australia	100%	100%
BSA Advanced Property Solutions (ECR) Pty Ltd (formerly Complex Airconditioning Pty Limited)	BSA APS	Australia	100%	100%
ACN 085 921 615 Pty Ltd	BSA CUI	Australia	100%	100%
Satellite Receiving Systems (QLD) Pty Limited	BSA CUI	Australia	100%	100%
BSA Equity Plans Pty Limited (Formerly ACN 066 496 893 Pty Ltd)	BSA CUI	Australia	100%	100%
BSA Advanced Property Solutions (NT) Pty Ltd (formerly MEC Services Pty Limited)	BSA APS	Australia	100%	100%
BSA Transmission Solutions Pty Limited	BSA CUI	Australia	100%	100%
066 059 809 Pty Limited	BSA CUI	Australia	100%	100%
Triple M Group Pty Limited	BSA APS	Australia	100%	100%
BSA Advanced Property Solutions (NSW & ACT) Pty Ltd (formerly Triple M Mechanical Services Pty Limited)	BSA APS	Australia	100%	100%
BSA Advanced Property Solutions (Essential Services) Pty Ltd (formerly Triple M Mechanical Services (Qld) Pty Limited)	BSA APS	Australia	100%	100%
BSA Advanced Property Solutions (FIRE) Pty Ltd (formerly Triple M Fire Pty Limited)	BSA APS	Australia	100%	100%
BSA Advanced Property Solutions (Administration) Pty Ltd (formerly Triple M Mechanical Services (Administration) Pty Limited)	BSA APS	Australia	100%	100%
BSA Networks Pty Limited	BSA CUI	Australia	100%	100%
BSA Advanced Property Solutions (WA) Pty Ltd (formerly BurkeAir Pty Limited)	BSA APS	Australia	100%	100%

(b) Deed of Cross Guarantee

All Controlled Entities are parties to the Deed of Cross Guarantee, where relief is obtained from preparing individual financial reports under ASIC Class Order 98/1418, and are members of the Closed Group. Under the Deed, BSA Limited agrees to support the liabilities and obligations of the Controlled Entities.

(c) Tax Consolidation Group

All the controlled entities are part of the Tax Consolidation Group.
BSA Limited is the head entity in the Tax Consolidation Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 16 OTHER FINANCIAL ASSETS (CONTINUED)

16.1 Composition of the Group

Information about the composition of the Group at the end of the reporting year is as follows:

Principal Activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2020	2019
Communications & Utility Infrastructure	Australia	6	6
Advanced Property Solutions	Australia	13	13
		19	19

16.2 Discontinued operations

BSA | Build | HVAC

On 13 August 2019, BSA outlined to the ASX it had agreed to sell the New South Wales and Victorian divisions of its HVAC Build Major Projects business to Fredon Air Pty Limited (Fredon).

In addition, BSA noted the wind down of operations where it retained lump sum contractor risk except for the:

- HVAC Build Minor Projects business, which will be retained in its entirety and operated within BSA's APS division going forward, and
- Fire Build Business, which is being strategically retained as a profitable and high growth service offering.

BSA disclosed the operations which were either due to be sold or wound-down as discontinued operations in its 30 June 2019 financial report. The completion of the sale of the operations to Fredon was announced to the ASX on 2 September 2019 and other operations with lump sum contract risk continue to be wound-down over the current financial period. The discontinued operations recorded for the year ended - 30 June 2020 are as follows:

Analysis of loss for the year from discontinued operations

	Consolidated	
	2020	2019
	\$'000	\$'000
BSA Build HVAC		
Revenue from the sale of goods and services	3,484	100,817
Expenses	(11,901)	(112,602)
Loss on disposal	(2,488)	-
Loss before interest and tax	(10,905)	(11,785)
Net financing costs	(33)	(33)
Loss before tax	(10,938)	(11,818)
Income tax benefit (note 7.1)	2,176	1,226
Loss for the period from discontinued operations	(8,762)	(10,592)

Cash flows from / (used in) discontinued operations

	Consolidated	
	2020	2019
	\$'000	\$'000
BSA Build HVAC		
Net cash inflow/(outflow) from operating activities	(623)	(7,129)
Net cash inflow/(outflow) from investing activities	(15)	(133)
Net cash inflow/(outflow) from financing activities	-	(33)
	(638)	(7,295)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 16 OTHER FINANCIAL ASSETS (CONTINUED)

16.3 Assets held for sale

BSA | Build | HVAC | NSW & VIC

At 30 June 2019, the assets and liabilities relating to the BSA | Build | HVAC business have been classified as held for sale.

	Consolidated	
	2020	2019
	\$'000	\$'000
Property, plant and equipment	-	113
Other assets	-	17,301
Total assets classified as held for sale	-	17,414
Total liabilities directly associated with assets held for sale	-	12,695

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 17 PARENT ENTITY DISCLOSURES

	2020	Consolidated 2019
	\$'000	\$'000
(a) Financial Position		
Assets		
Current assets	71,109	58,487
Non-current assets	46,842	35,618
Total assets	117,951	94,105
Liabilities		
Current liabilities	70,351	51,572
Non-current liabilities	15,312	6,599
Total liabilities	85,663	58,171
Net Assets	32,288	35,934
Equity		
Issued capital	100,390	98,894
Accumulated losses	(82,188)	(77,546)
Profit Reserve	12,718	12,718
Reserves		
Share-based payments reserve	1,368	1,868
Total equity	32,288	35,934
(b) Financial Performance		
Profit/(Loss) for the year	(5,493)	(10,539)
Other comprehensive income for the year, net of tax		
Total comprehensive income for the year, net of tax	(5,493)	(10,539)

(c) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

BSA Limited has entered into a cross guarantee with its wholly owned subsidiaries. 57,164 57,164

(d) Contingent Liabilities

Under the above cross guarantee, BSA Limited, as the parent entity, guarantees all contingent liabilities of the wholly owned subsidiaries.

Guarantees established in favour of National Australia Bank Limited and Swiss Re International SE for Guarantees issued to various clients for satisfactory contract performance, secured by cross guarantees from all wholly owned group members amounting to \$6,915,000 (2019: \$5,047,000) directly relating to the parent. Guarantees secured by cross guarantee by all group members amounted to \$33,405,000 (2019:\$38,409,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 18 TRADE AND OTHER PAYABLES

	2020	Consolidated 2019
	\$'000	\$'000
CURRENT		
Trade payables	21,810	32,808
Other payables	51,685	30,065
Total Payables	73,495	62,873

NOTE 19 BORROWINGS

	2020	Consolidated 2019
	\$'000	\$'000
CURRENT		
Total current borrowings	2,116	1,766
Total non-current borrowings	-	-
Total borrowings	2,116	1,766

The Group has Banking Facilities amounting to \$43,500,000 which have an expiry date of 17 June 2023.

During FY2020, the Group refinanced through securing new facilities with Commonwealth Bank of Australia (CBA). At 30 June 2020, pre-existing facilities held with National Australia Bank (NAB) remained though in the process of being closed down.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 19 BORROWINGS (CONTINUED)

	Consolidated	
	2020	2019
	\$'000	\$'000
Total assets pledged as security		
CURRENT		
Cash and cash equivalents	37,742	21,941
Trade and other receivables	61,120	71,798
Assets held for sale	-	17,414
Inventories	1,748	1,311
	100,610	112,464
NON-CURRENT		
Trade and other receivables	-	432
Property, plant & equipment	20,628	13,877
Deferred tax assets	7,611	8,982
	28,239	23,291
	128,849	135,755

(a) Lease liabilities and hire purchase liabilities are effectively secured as the rights to the assets recognised in the financial statements and revert to the financier in the event of default.

Actual interest rates for HP liabilities outstanding during the year ranged between 4.47% and 5.31%. Actual interest rates for lease liabilities outstanding during the year ranged between 4.93% and 5.97%.

(b) There were no defaults or breaches of any loan agreements during the current year.

(c) **Reconciliation of liabilities arising from financing activities**

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash from financing activities.

	30 June 2019	Financing cash flows	Non-cash financing		30 June 2020
			New AASB 16 leases	AASB 16 adoption (note 2)	
	\$'000	\$'000	\$'000	\$'000	\$'000
Lease liabilities	3,907	(4,373)	6,417	8,399	14,350
Other borrowings	1,766	350	-	-	2,116
	5,673	(4,023)	6,417	8,399	16,466

(d) The cash flows from other borrowings make up the net amount of proceeds from borrowings and repayment of borrowings in the consolidated statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 20 LEASE LIABILITIES

	Consolidated	
	2020	2019
	\$'000	\$'000
Current lease liabilities	5,384	1,087
Non-current lease liabilities	8,966	2,820
	14,350	3,907

At 30 June 2020, there were \$2,906,000 (2019: \$3,907,000) of finance and hire purchase liabilities as determined under the accounting standard AASB 117 Leases that applied prior to 1 July 2019.

Extension options

Certain leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period.

Where practicable, the Group seeks to include extension options (by the Group not the lessor) in new leases to provide operational flexibility.

The Group has assessed at lease commencement whether it is reasonably certain to exercise the extension options, and where it is reasonably certain, the extension period has been included in the lease liability.

Periodically, the Group reassesses whether it is reasonably certain that extension options will be exercised if there is a significant event or change in circumstances.

Residual value guarantees and buy out options

Certain lease contracts may include an option to buy-out the asset at the end of the lease term or include contingent rental guarantees where the Group could be exposed to the variability of returns in relation to return conditions at lease expiry.

The Group includes payments for contingent rental guarantees or buy-out options only if it is reasonably certain that those payments will occur at the end of the lease term.

The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 21 PROVISIONS

		Consolidated	
	Note	2020 \$'000	2019 \$'000
Employee benefits	(i)	11,375	8,664
Other provisions (see below)		9,764	7,662
		21,139	16,326
CURRENT		13,854	11,730
NON-CURRENT		7,285	4,596
		21,139	16,326

Other Provisions	Office of State Revenue (ii)	Make Good (iii)	Leases (iv)	Contract Provisions (v)	Total
Balance at 30 June 2019	1,843	1,346	2,540	1,933	7,662
Additional provisions recognised	1,045	214	-	4,159	5,418
Provisions reversed	-	(14)	-	-	(14)
Utilised	(1,560)	(28)	(734)	(980)	(3,302)
Balance at 30 June 2020	1,328	1,518	1,806	5,112	9,764

(i) The provision for employee benefits represents annual leave and vested and non-vested long service leave entitlements accrued.

(ii) The provision for Office of State Revenue (OSR) primarily relates to the following:
Following the settlement of the NSW OSR issue, BSA has entered into a repayment plan with the NSW OSR. The provision for this matter at the end of FY2020 stands at \$1,328,000 (FY2019: \$1,843,000).

(iii) The provision for make good represents the estimated cost of work to comply with make good obligations in certain Group property leases.

(iv) The provision for leases relates to onerous lease costs.

(v) The provision for project provisions represents the expected cost of obligations under construction contracts recognised at the Directors' best estimate of the expenditure to settle the Group's obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 22 ISSUED CAPITAL

(a) Share capital

	Note	Parent Entity	
		2020 Number of Shares	2019 Number of Shares
Ordinary shares - fully paid	(c)	431,859,368	428,241,404

(b) Movements in ordinary share capital

Date	Details	Number of Shares	\$'000
30 June 2019	Opening Balance	428,241,404	98,894
2 September 2019	Exercise of Performance Rights	553,301	208
26 September 2019	Exercise of Performance Rights	1,259,524	535
3 October 2019	Exercise of Performance Rights	368,868	155
2 November 2019	Dividend Reinvestment Plan	1,230,389	528
30 June 2020	Exercise of Non Executive Director rights	205,882	70
30 June 2020	Balance	431,859,368	100,390

Changes to the Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

(c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Options

At 30 June 2020 no options were held over ordinary shares of the Company.

(e) Dividend Reinvestment Plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash.

(f) Employee Performance Rights Plan

Information relating to the BSA Limited Performance Rights Plan, including details of rights issued, exercised and lapsed during the financial year and rights outstanding at the end of the financial year, is set out in Note 27.

(g) Fee Sacrifice Equity Plan

Information relating to the BSA Limited Fee Sacrifice Equity Plan to Individual Non-Executive Directors, including details of rights issued, exercised and lapsed during the financial year and rights outstanding at the end of the financial year, is set out in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 23 RESERVES AND ACCUMULATED LOSSES

	Consolidated	
	2020	2019
	\$'000	\$'000
(a) Reserves		
Share-based payments reserve	1,368	1,868
	1,368	1,868
Share-based payments reserve		
Opening balance	1,868	1,568
Rights expense	398	299
Shares issued in satisfaction of performance conditions	(898)	1
Closing balance	1,368	1,868
<p>The share-based payments reserve relates to share options and share rights granted to employees under the Employee Share Option Plan and the Employee Performance Rights Plan. Further information about share-based payments to employees is set out in note 27.</p> <p>The share-based payments reserve records items recognised as expenses on valuation of employee share options and rights.</p>		
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance at beginning of year	(74,032)	(65,243)
Opening balance adjustment AASB 16 application	624	-
Opening balance adjustment AASB 15 application	-	(8,269)
Opening balance adjustment AASB 9 application	-	(520)
As restated	(73,408)	(74,032)
Net profit for the year, continuing operations	7,802	-
Net loss after tax, discontinued operations	(8,762)	-
Balance at end of year	(74,368)	(74,032)
(c) Profit Reserve		
Movements in profit reserve were as follows:		
Balance at beginning of year	9,204	11,150
Net profit for the year, continuing operations	-	10,764
Net loss after tax, discontinued operations	-	(10,592)
Dividends	(4,306)	(2,118)
Balance at end of year	4,898	9,204

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 23 RESERVES AND ACCUMULATED LOSSES (CONTINUED)

(d) Dividends on equity instruments

	2020		2019	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Consolidated				
Recognised amounts				
Fully paid ordinary shares				
Interim dividend:	0.50	2,154	-	-
Final fully franked dividend of 0.5 (2019: 0.5) cents per fully paid ordinary share franked at the rate of 30%	0.50	2,152	0.50	2,118
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend	0.50	2,163	0.50	2,152

On 24 August 2020 the Directors declared a fully franked dividend of 0.50 cent per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2020, to be paid to shareholders on 3 November 2020. This dividend has not been included as a liability in these consolidated financial statements. The dividend will be paid to all shareholders on the Register of Members on 2 October 2020. The total estimated dividend to be paid is \$2,163,000.

The Group has a Dividend Reinvestment Plan (DRP) in place. The DRP was in place for the distribution made in November 2019. The distribution resulted in \$1,623,000 being paid in cash and \$528,000 being raised by the DRP through the issue of 1.228 million securities at \$0.43 in November 2019. In the prior year, the distribution resulted in \$873,000 being paid in cash and \$1,245,000 being raised by the DRP through the issue of 4.610 million securities at \$0.27 in November 2018.

(e) Franking credits

	2020	2019
	\$'000	\$'000
Consolidated		
Franking account balance as at 30 June	13,905	14,558
Franking credits that will arise from the payment of income tax payable as at the reporting date	475	255
Franking credits that will attach to the payment of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period.	(1,847)	(908)
Net franking credits available	12,533	13,905

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 24 CAPITAL AND LEASING COMMITMENTS

(i) Operating Lease Commitments

The Group leases various offices and warehouses under non-cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Consolidated	
	2020	2019
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	312	3,636
Later than one year but not later than five years	494	5,880
Later than five years	-	-
	806	9,516

NOTE 25 SEGMENT INFORMATION

(a) AASB 8 Operating Segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

(b) Products and services from which reportable segments derive their revenues

The Group is organised into the following reportable segments:

BSA | Communications & Utility Infrastructure (CUI)

BSA | CUI provides services to the telecommunications, subscription television and utility industries. These services include the delivery of bundled services over fixed line multi-technology networks, the installation of subscription television and the installation of smart meters.

BSA | Advanced Property Solutions (APS)

BSA | APS provides the design, installation, maintenance, and optimisation of building services for all hard assets in commercial and industrial buildings and properties, including: Fire Detection and Suppression, Mechanical Services, Heating, Ventilation, Air Conditioning, Refrigeration, Electrical, and Building Management Systems (BMS).

(c) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable operating segment:

	Revenue		Segment Profit/Loss	
	Year Ended		Year Ended	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
BSA CUI	272,924	251,462	21,047	20,690
BSA APS	217,501	218,317	8,562	9,784
Other	-	-	(3,729)	(5,862)
	490,425	469,779	25,880	24,612
Significant items			(2,892)	(2,818)
Reported EBITDA			22,988	21,794
Depreciation and amortisation			(10,375)	(6,189)
Finance costs			(1,756)	(808)
Profit before tax from continuing operations			10,857	14,797
Income tax expense - continuing operations			(3,055)	(4,033)
Profit after tax from continuing operations			7,802	10,764

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2019: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 25 SEGMENT INFORMATION (CONTINUED)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit/loss represents the profit/loss earned by each segment without allocation of central administration costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(c) Information about major customers

The Group has a number of customers to whom it provides both products and services. The Group supplies a single external customer in the BSA | CUI segment who accounts for 39% of external revenue (2019: 28%). The Group's next most significant client is in the BSA | CUI segment and accounts for 7% of external revenue (2019: 8%).

NOTE 26 CASH FLOW INFORMATION FOR THE PERIOD

	Consolidated	
	2020	2019
	\$'000 ¹	\$'000 ¹
(a) Reconciliation of (loss)/profit to net cash flows from operating activities for the year		
(Loss)/Profit for the year	(960)	172
Goodwill on sale of non-current assets	4,000	-
Depreciation	6,891	5,515
Amortisation	3,484	674
Interest on ROU liabilities	524	-
Share-based payment expense	398	299
Net profit on sale of non-current assets	(412)	(307)
Change in operating assets and liabilities		
Decrease in trade receivables	7,424	6,976
(Increase)/decrease in inventories	(750)	230
Decrease/(increase) in deferred tax asset	1,371	(3,767)
Decrease in other operating assets	3,583	3,057
Decrease in trade payables	(10,997)	(4,766)
Increase in other operating liabilities	13,140	6,669
(Decrease)/increase in tax provision	(1,224)	2,807
Increase in provisions	4,813	787
Net cash generated by operating activities	31,285	18,346

¹ The above Consolidated Statement of Cash Flows includes both continuing and discontinued operations. Amounts related to discontinued operations are disclosed in Note 16.2.

	Consolidated	
	2020	2019
	\$'000	\$'000
(b) Credit Standby Arrangements with Banks		
Working capital facility	43,500	32,500
Amount utilised	-	-
Unused credit facility	43,500	32,500

This facility is summarised as follows:

A cash advance facility and a borrowing base facility which covers the financial requirements of the day to day operations of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 26 CASH FLOW INFORMATION FOR THE PERIOD (CONTINUED)

	Consolidated	
	2020	2019
	\$'000	\$'000
(c) Master Asset Finance Facilities		
Total asset finance facility	3,050	8,000
Amount utilised	(2,909)	(3,907)
Total unused Master Asset Finance Facility	141	4,093

(d) Guarantees

Guarantees to the value of \$14,664,000 were utilised at 30 June 2020 (2019: \$18,440,000), and are secured by fixed and floating charge to the bank over the assets of the Company together with guarantees in favour of the parent given by all controlled entities.

(e) Surety Bonds

Surety Bonds of which \$18,741,000 were utilised at 30 June 2020 (2019: \$19,969,000), are unsecured.

NOTE 27 SHARE-BASED PAYMENTS

(a) Fee Sacrifice Equity Plan to Individual Non-Executive Directors

The establishment of the BSA Fee Sacrifice Equity Plan to Individual Non-Executive Directors was approved by shareholders at the 2017 AGM. The plan is to establish a mechanism for Non-Executive Directors (NEDS) to acquire shares in the Company by electing to salary sacrifice a proportion of annual fees, on a voluntary basis that will align their interests with shareholders and does not create any financial or governance concerns for shareholders.

All individuals holding NED roles in the Company or a subsidiary of the Company are eligible to become participants in the Plan.

Each year, the Company intends to invite each NED to voluntarily elect to apply for rights under the Plan, to be funded by salary sacrificing a proportion of Annual Board fees. While the Company intends to issue invitations annually, the Board will determine at its sole discretion each year whether to issue an invitation.

Invitations will include such terms as the Board deems appropriate including the date of the invitation, the number of Deferred Rights that a participant is eligible to apply for, that the price of a Deferred Right shall be nil (ignoring the amount of the fee sacrificed), that the exercise price shall be nil, the period during which disposal restrictions will apply, and such other terms and conditions as the Board determines.

Deferred Rights granted under this Plan will be fully vested on the date of grant (being the date notified in a Notice of Grant)

Deferred Rights will be automatically exercised 90 days after grant but may not be exercised earlier. On exercise of a right, the Board in its discretion will either: a) issue shares to Participants or b) arrange for shares to be acquired for the benefit of Participants by the trustee of the BSA Employee Share Trust. The Company will contribute such funds as needed to acquire shares either on-market or a subscription to a new issue as directed by the Board. The shares that result from the exercise of Deferred Rights are Restricted Shares.

All shares acquired by Participants are subject to disposal restrictions that prevent disposal until the earlier of 15 years from the date of grant of rights and cessation of being a NED on the Board of BSA or a subsidiary of the Company (which will be specified Disposal Restrictions). During the period the Special Disposal Restrictions apply, the Restricted Shares may not be sold or otherwise disposed. The Company may impose a CHES holding lock on Restricted Shares to ensure the participant does not sell them earlier than permitted under the Rules. The Company will advise each participant when it considers the specified disposal restrictions cease to apply.

Participants must not enter an arrangement with anyone if it would have the effect of limiting their exposure to risk in relation to Deferred Rights or Restricted Shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 27 SHARE-BASED PAYMENTS (CONTINUED)

Participants will be treated in a manner that does not advantage or disadvantage them compared with other shareholders in the event of bonus issues, rights issues and capital reorganisation.

If a participant ceases to be a NED of the Company or a subsidiary of the Company any unexercised Deferred Rights will be exercised automatically the day following cessation, and any Restricted Shares held by a Participant that are subject to Specified Disposal Restrictions will cease to be subject to such restrictions on the day of cessation unless otherwise determined by the Board and notified to the Participant in the Invitation.

Consolidated and parent entity

Grant Date	Exercise Date	Expiry Date	Exercise Price (cents)	Balance at Start	Granted During	Exercised During	Cancelled During	Balance in
				of the Year Under Right	Escrow at End of the Year Under Right			
				Number	Number	Number	Number	Number
26 Mar 20	26 Mar 20	26 Mar 34	-	-	205,882	(205,882)	-	-
Total				-	205,882	(205,882)	-	-

(b) Employee Performance Rights Plan

The establishment of the BSA Employee Performance Rights Plan was approved by shareholders at the 2008 AGM. The Plan was established to reward selected eligible employees and to:

- Provide an incentive for the creation of, and focus on, shareholder wealth;
- Enable the Company to recruit and retain the talented people needed to achieve the Company's business objectives;
- Link the reward of key staff with the achievement of strategic goals and the performance of the Company;
- Align the financial interests of participants with those of Company shareholders; and
- Ensure the remuneration packages of employees are consistent with market practice.

Securities may be offered under the Plan and the Board has discretion to determine who is offered the opportunity to participate.

Generally, securities are subject to a holding restriction and cannot be traded unless certain performance conditions are met or as otherwise specified at the time of the relevant award after acquisition by the participant.

Rights to acquire shares will not be exercisable until the end of the final measurement period, and until those rights have satisfied all vesting conditions and all performance hurdles established by the Board. This is subject to a number of exceptions (including death, cessation of employment, takeovers and schemes of arrangement). The rights have a specified life determined by the Board. The initial grant of rights (the Grant Date) will have a life terminating five years after the Grant Date or such other date as determined by the Board (the Expiry Date).

Rights granted to certain participants in the initial grant will be at zero vesting value and will be subject to the following performance conditions as determined by the Board:

- Service conditions as determined by the Board.
- The Company's performance as measured by earnings per share ("EPS") being the EPS for the relevant Measurement Period as determined by the Board having regard to the financial statements. Certain growth in EPS for the shares must be attained in respect of each Measurement Period and pro rata in respect of each Measurement Period and service condition of three years.

The Board will prescribe the date when performance under the hurdle is measured for each tranche.

On or after the end of the final measurement period and provided any performance hurdle prescribed by the Board has been achieved and, where applicable, to the extent it has been achieved, the Plan Participant may then acquire shares by exercising the rights.

A right lapses if it is not exercised by the Expiry Date.

The Exercise Price (if any) will be an amount determined by the Board from time to time, fixed at the date of grant or determined by application of methodology approved by the Board.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 27 SHARE-BASED PAYMENTS (CONTINUED)

Once Rights have been exercised by an Eligible Employee (subject to certain Performance Conditions being met), the Company may make non-refundable contributions to the Plan Company to either:

- fund the purchase of a new Plan Share; or
- the acquisition on the ASX of an existing share and transfer to the participant of that share, to which the Participant is entitled under the rights.

The current plan company is BSA Limited ACN 088 412 748 or any other Company that the Board may approve from time to time. After rights are exercised, the plan company will subscribe for new shares or acquire shares in the ordinary course of trading on the ASX for participants, as directed from time to time by the Board.

Consolidated and parent entity

Grant Date	Exercise Date	Expiry Date	Exercise Price (cents)	Balance at Start of the Year Under Right Number	Granted During the Year Under Right Number	Exercised During the Year Under Right Number	Cancelled During the Year Under Right Number	Balance in Escrow at End of the Year Under Right Number
30 Jun 15	30 Jun 15	25 Nov 19	-	1,116,667	-	(1,116,667)	-	-
28 Nov 17	4 Dec 17	4 Dec 22	-	142,857	-	(142,857)	-	-
1 Oct 18	1 Oct 18	1 Oct 23	-	553,301	-	(553,301)	-	-
1 Mar 19	30 June 20	1 Mar 24	-	175,440	-	-	-	175,440
30 Aug 19	30 Aug 19	30 Aug 24	-	-	368,868	(368,868)	-	-
27 Nov 19	27 Nov 19	26 Nov 34	-	-	1,185,282	-	(689,666)	495,616
1 Feb 19	1 Feb 19	1 Feb 24	-	380,000	-	(180,000)	(200,000)	-
27 Nov 19	27 Feb 20	26 Nov 24	-	-	98,666	-	-	98,666
27 Nov 19	9 Sep 20	26 Nov 34	-	-	100,001	-	-	100,001
27 Nov 19	27 Nov 20	26 Nov 34	-	-	108,108	-	-	108,108
27 Nov 19	9 Sep 21	26 Nov 34	-	-	101,370	-	-	101,370
27 Nov 19	27 Nov 21	26 Nov 34	-	-	275,703	-	-	275,703
Total				2,368,265	2,237,998	(2,361,693)	(889,666)	1,354,904

(c) Executive Securities Plan

The establishment of the BSA Executive Securities Plan was approved by shareholders at the 2005 AGM. The Plan was established as a mechanism to provide the Company's key executives with a direct equity involvement and incentive in the Company which aligns them with the shareholders.

The number of securities to be offered and the time at which securities may be offered from time to time to executives and the price and terms of payment, shall be determined by the Board in its discretion.

The Board may at such times as it determines invite any executive to be a member of the Plan.

If an Executive to whom an invitation has been issued forwards to the Company a duly completed Loan Application and the Transfer Documents together with his acceptance, and where appropriate his Application for Shares, then the Company shall, in accordance with the terms of the Loan Agreement, lend to the Executive such amount as the Executive has applied for in the Loan Application.

The maximum amount of any Loan shall be the total subscription price for the shares applied for.

No interest is payable by the borrower under the Loan Agreement.

An Executive shall not sell, mortgage, charge, assign or otherwise dispose of or encumber any shares before payment or repayment of any amount outstanding to the Company in respect thereof.

Subject to the above restriction and to the terms of the Loan Agreement (if any) deemed to be entered into by the Executive, an Executive shall from the Date of Allotment, be the absolute beneficial owner of the shares.

Unless the Directors of the Company otherwise provide in the terms of any Invitation, all Plan Shares shall rank for dividends declared on or after the Date of Allotment and shall in all respects rank equally with and have the same rights and entitlements as all other fully paid ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 27 SHARE-BASED PAYMENTS (CONTINUED)

Under the Loan Agreement, the borrower shall repay the balance outstanding of the Outstanding Principal when the borrower ceases to be an employee or Director of the Lender. BSA Limited has adopted the policy of having a rolling three year maturity date for all Executives who do not have a termed employment contract.

Set out below are summaries of securities accepted under the plan:

							Consolidated and parent entity
Grant Date	Expiry Date	Issue Price (cents)	Balance at Start of the Year Number	Granted During the Year Number	Released from Escrow During the Year Number	Balance in Escrow at End of the Year Number	
13 Oct 2006	n/a	0.23	400,000	-	200,000	200,000	
19 Jul 2007	n/a	0.63	600,000	-	350,000	250,000	
11 Sep 2007	n/a	0.68	150,000	-	-	150,000	
13 Sep 2007	n/a	0.68	-	-	-	-	
14 Dec 2007	n/a	0.68	400,000	-	200,000	200,000	
10 Feb 2009	n/a	0.10	500,000	-	250,000	250,000	
Total			2,050,000	-	1,000,000	1,050,000	

NOTE 28 EVENTS OCCURRING AFTER THE BALANCE DATE

On 7 July 2020, the interim dividend declared on 25 February 2020 was paid to shareholders as at the record date of 27 March 2020.

On 10 August 2020, BSA was served with legal proceedings in relation to its contracting arrangement, specifically to independent contractors and whether they are properly characterised as such. BSA's position on the matter, as outlined on 9 December 2019, remains unchanged. BSA intends to vigorously defend against these proceedings.

On 24 August 2020, the Director's declared a dividend of 0.50 cents per share.

Other than as detailed above, the Directors are not aware of any significant events since the end of the reporting period.

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

NOTE 29 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

	Consolidated	
	2020	2019
	\$	\$

Rent was paid to The Day Street Unit Trust in which M Lowe, a Director, has a beneficial interest.	-	74,170
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Outstanding balances arising from purchases of services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2020	2019
	\$	\$

Purchase of services		
Rent payable for premises from Director	-	14,875

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 29 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Equity instrument disclosures relating to Key Management Personnel

(i) Rights holdings

The numbers of rights over ordinary shares in the Company held during the financial year by each Director of BSA Limited and other key management personnel of the Group, including their personally related parties, are set out below.

	Balance at the start of the year	Granted as Compensation	Rights Exercised	Net Change Other	Balance at End of Year	Vested but Not Exercisable	Vested and Exercisable	Rights Vesting During Year
2020								
Michael Givoni	-	205,882	(205,882)	-	-	-	-	205,882
Timothy Harris	175,440	495,616	-	-	671,056	-	-	175,440
Nicholas Yates	1,259,524	-	(1,259,524)	-	-	-	-	-
	1,434,964	701,498	(1,465,406)	-	671,056	-	-	381,322

	Balance at the start of the year	Granted as Compensation	Rights Exercised	Net Change Other	Balance at End of Year	Vested but Not Exercisable	Vested and Exercisable	Rights Vesting During Year
2019								
Michael Givoni	207,838	251,708	(459,546)	-	-	-	-	251,708
Timothy Harris	375,391	175,440	(375,391)	-	175,440	-	-	-
Nicholas Yates	1,259,524	-	-	-	1,259,524	-	1,259,524	-
Graeme Barclay	50,000	105,000	(155,000)	-	-	-	-	105,000
	1,892,753	532,148	(989,937)	-	1,434,964	-	1,259,524	356,708

Further details of schemes can be found in the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 29 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Equity instrument disclosures relating to Key Management Personnel (continued)

(ii) Share holdings

The numbers of shares in the Company held during the year by each Director of BSA Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2020	Balance at the start of the year	Rights Exercised	Other Changes During the Year	Balance at the End of the Year	Balance Held Nominally
Directors of BSA Limited					
Ordinary Shares					
Michael Givoni	1,255,946	205,882	-	1,461,828	-
Timothy Harris	375,391	-	-	375,391	-
Paul Teisseire	680,012	-	-	680,012	-
Mark Lowe	10,115,403	-	-	10,115,403	-
Nicholas Yates	2,907,625	1,259,524	86,334	4,253,483	-
David Prescott ¹	-	-	-	-	-
Chris Halios-Lewis ²	-	-	-	-	-
Graeme Barclay	155,000	-	-	155,000	-
Ordinary Shares - Escrowed					
Mark Lowe	200,000	-	-	200,000	-
	15,689,377	1,465,406	86,334	17,241,117	-

¹ David Prescott is Investment Manager of Lanyon Asset Management Pty Ltd which holds 94,311,187 ordinary shares in BSA Limited.

² Chris Halios-Lewis is CFO and Company Secretary of Birketu Pty Ltd. Birketu Pty Ltd holds shares in BSA Limited of 73,175,760. Chris Halios-Lewis has no beneficial interest in Birketu Pty Ltd.

2019	Balance at the start of the year	Rights Exercised	Other Changes During the Year	Balance at the End of the Year	Balance Held Nominally
Directors of BSA Limited					
Ordinary Shares					
Michael Givoni	796,400	459,546	-	1,255,946	-
Paul Teisseire	680,012	-	-	680,012	-
Mark Lowe	10,115,403	-	-	10,115,403	-
Graeme Barclay	-	155,000	-	155,000	-
Nicholas Yates	2,854,760	-	52,865	2,907,625	-
Ordinary Shares - Escrowed					
Mark Lowe	200,000	-	-	200,000	-
Key Management Personnel					
Ordinary Shares					
Timothy Harris	-	375,391	-	375,391	-
	14,646,575	989,937	52,865	15,689,377	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 30 FINANCIAL INSTRUMENTS

Fair value of financial instruments carried at amortised cost.

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

	Consolidated	
	2020	2019
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	37,742	21,941
Loans and receivables		
Trade and other receivables	56,035	57,647
Financial Assets at amortised cost	93,777	79,588
Financial liabilities		
Financial liabilities held at amortised cost		
Trade and other payables	62,120	54,209
Borrowings	2,116	1,766
Lease liabilities	14,350	3,907
Financial liabilities at amortised cost	78,586	59,882

NOTE 31 FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to financial risks that arise. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments from which financial instrument risk arises are:

- Trade receivables;
- Cash at bank;
- Bank overdrafts;
- Trade and other payables; and
- Borrowings.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Board receives monthly reports from the Finance Department through which it reviews the effectiveness of the processes put in place and the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group.

Trade receivables consist of a large number of customers. The Group does not have significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to the largest counterparty did not exceed 5% of gross monetary assets at balance date. Concentration of credit risk to any other counterparty did not exceed 1% of gross monetary assets at balance date.

The maximum exposure to credit risk at balance date is as follows:

	Consolidated	
	2020	2019
	\$'000	\$'000
Receivables	57,570	59,395
	57,570	59,395

Included in loans and receivables, the most significant customer accounts for 6.4% of trade receivables at 30 June 2020 (2019: 16.5%).

The maximum exposure to credit risk at balance date by country is as follows:

	Consolidated	
	2020	2019
	\$'000	\$'000
Australia	57,570	59,395
	57,570	59,395

The maximum exposure to credit risk for cash and trade receivables at balance date by type of customer is as follows:

	Consolidated	
	2020	2019
	\$'000	\$'000
BSA CUI	26,421	31,278
BSA APS	31,149	28,117
	57,570	59,395

All major customers are credit worthy, as detailed above.

The Group has a high concentration of credit risk as loans and financing arrangements are typically operated with one financial institution at a given time.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established 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 monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The table below sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 31 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financing arrangements

The following financing facilities were available at balance date:

	2020	2019
	\$'000	\$'000
Consolidated		
Credit stand-by arrangements		
Total facilities:		
Corporate Market Loan	-	20,000
Cash Advance Facility	6,000	-
Borrowing Base Facility	37,500	-
Debtor Finance Facility	-	12,500
	43,500	32,500
Used at balance date:		
Corporate Market Loan	-	-
Cash Advance Facility	-	-
Borrowing Base Facility	-	-
Debtor Finance Facility	-	-
	-	-
Unused at balance date:		
Corporate Market Loan	-	20,000
Cash Advance Facility	6,000	-
Borrowing Base Facility	37,500	-
Debtor Finance Facility	-	12,500
	43,500	32,500
Master Asset Finance Facility		
Total facilities:	3,050	8,000
Used at balance date	2,909	3,907
Total unused Master Asset Finance Facility	141	4,093
Total unused Facilities at balance date	43,641	36,593

In addition to the above arrangements the consolidated entity has a bank guarantee facility of \$26,500,000 (2019:\$26,500,000) which was utilised to \$14,664,000 (2019: \$18,440,000).

In addition to the above facilities the consolidated entity has a surety bond facility with Swiss Re International SE of \$30,000,000 (2019:\$30,000,000) which was utilised to \$18,741,000 (2019: \$19,969,000).

During FY2020, the Group refinanced through securing new facilities with Commonwealth Bank of Australia (CBA). At 30 June 2020, pre-existing facilities held with National Australia Bank (NAB) remained though in the process of being closed down.

Refer Note 19 for details of terms of financing arrangements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 31 FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturity Analysis - Group

The following table details the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

The table below includes the weighted average effective interest rate and a reconciliation to the carrying amount in the Statement of Financial Position as an example of summary quantitative data about exposure to interest rates at the end of the reporting period that an entity may provide internally to management personnel.

	Consolidated					
Financial Liabilities	Carrying Amount	Contractual Cash Flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
30 June 2020	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other	2,116	2,116	2,116	-	-	-
Trade payables	21,810	21,810	21,810	-	-	-
Other payables	72,824	72,824	72,824	-	-	-
Lease liabilities	14,350	15,426	2,705	2,705	10,015	-
TOTAL	111,100	112,176	99,455	2,705	10,015	-

	Carrying Amount	Contractual Cash Flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
30 June 2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other	1,766	1,766	1,766	-	-	-
Trade payables	32,808	32,808	32,808	-	-	-
Other payables	46,391	46,391	46,391	-	-	-
Lease liabilities	3,907	4,411	690	690	3,031	-
TOTAL	84,872	85,376	81,655	690	3,031	-

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Consolidated					
Financial Assets	Carrying Amount	Contractual Cash Flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
30 June 2020	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	39,193	41,289	41,289	-	-	-
Other receivables	21,927	21,927	21,560	-	-	367
TOTAL	61,120	63,216	62,849	-	-	367

	Carrying Amount	Contractual Cash Flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
30 June 2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	46,618	48,323	48,323	-	-	-
Other receivables	25,612	25,613	24,887	-	-	726
TOTAL	72,230	73,936	73,210	-	-	726

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 32 CAPITAL RISK MANAGEMENT

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

It is the Group's policy to review its gearing ratio to ensure adequate funds are available to meet its obligations. The Group's gearing ratio at the balance sheet date is shown below:

	Consolidated	
	2020	2019
	\$'000	\$'000
Gearing ratios		
Net (cash)/debt ¹	(32,720)	(16,268)
Total equity	32,288	35,934
Total gearing ratio	(101.34%)	(45.27%)

¹ Excludes right of use lease liabilities. Includes finance leases had AASB 117 Leases been applied.

Gearing levels were maintained at a healthy position at 30 June 2020. It is the Board's intention to monitor gearing levels going forward to ensure flexibility. There have been no changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

NOTE 33 CONTINGENT LIABILITIES

i) Guarantees established in favour of National Australia Bank Limited and Swiss Re International SE for guarantees issued to various clients for satisfactory contract performance, secured by cross guarantees from all wholly owned group members amounting to \$33,405,000 (2019:\$38,409,000).

(ii) Following the settlement of the NSW OSR issue, BSA is currently working with other State Revenue Authorities on outstanding matters.

(iii) Certain claims, including those arising out of construction contracts, have been made by, or against, controlled entities in the ordinary course of business. The Directors do not consider the outcome of any of these claims will be materially different to the position taken in the financial accounts of the Group.

NOTE 34 CORPORATE INFORMATION

The Financial Report of BSA Limited for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 24 August 2020 and covers the consolidated entity consisting of BSA Limited and its subsidiaries as required by the Corporations Act 2001. BSA Limited is a company limited by shares incorporated in Australia and whose shares are publicly traded on the Australian Securities Exchange.

The Financial Report is presented in Australian currency.

The address of the registered office and principal place of business is:

Level 7, 3 Thomas Holt Drive

Macquarie Park NSW 2113

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2020

The Directors declare that:

- (a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3.1 to the financial statements;
- (c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) The Directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 16 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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

On behalf of the Directors.



Michael Givoni

Chairman
Sydney

24 August 2020



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 Australia

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Independent Auditor's Report to the Members of BSA Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BSA Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2020, 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 consolidated financial statements, including a summary of significant accounting policies and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

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

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><i>Recognition of revenue on Fire Build construction contracts</i></p> <p>Refer to Note 3.5.3 'Construction revenue, Note 4 'Critical accounting judgements and key sources of estimation uncertainty', Note 5 'Revenue', Note 16.2 'Discontinued</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluated management's processes and controls over the recognition of contract revenue, including;

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INDEPENDENT AUDITOR'S REPORT



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<p><i>Operations' and Note 25 'Segment Information'.</i></p> <p>Included in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2020 is revenue relating to Fire Build construction contracts totalling \$94.0 million, as included in the APS segment.</p> <p>One of the Group's significant sources of revenue is from Fire Build construction projects. Revenue is derived from a number of contracts and recognised based on the stage of completion of each contract. Stage of completion of the construction work is determined with reference to the work completed, i.e. the percentage of work performed up to the reporting date compared to the total anticipated contract work to be performed.</p> <p>The recognition of revenue is dependent on the following key factors:</p> <ul style="list-style-type: none"> • determination of stage of completion; • estimation of total contract revenue and contract cost including the estimation of cost contingencies; • determination of contractual entitlement and assessment of the probability of customer approval of variations and acceptance of claims; and • estimation of project completion date. 	<ul style="list-style-type: none"> - obtained an understanding of the key controls, in particular the estimation and review of costs to complete; and - understood the project review control that is undertaken by Group management on a monthly basis. <ul style="list-style-type: none"> • For a sample of contracts selected based on quantitative and qualitative characteristics our procedures included: <ul style="list-style-type: none"> - obtained an understanding of the contract terms and conditions and inspected signed contracts to evaluate whether contract terms were reflected in management's estimate of forecast costs and revenue; - challenged the forecast costs to complete, as well as inspection of supporting documentation for contracted costs such as materials, subcontractors and labour; - tested contractual entitlement, variations and claims recognised in contract revenue; - for loss making contracts, recalculated the expected loss at completion and verified that the appropriate loss was recorded; and - evaluated significant exposures to liquidated damages for late delivery of contract works. • Assessed the appropriateness of the disclosures in the financial statements.
<p><i>Collectability of trade receivables and contract assets</i></p> <p><i>Refer to Note 11 'Trade and other receivables', Note 12 'Contract assets and liabilities' and Note 30 'Financial Instruments'</i></p> <p>Included in the Group's consolidated statement of financial position as at 30 June 2020 are contract assets totalling \$3.6 million and trade receivables totalling \$41.2 million.</p> <p>The Group recognises contract assets in respect of the progressive valuation of work completed as well as trade receivables which represent amounts invoiced to customers.</p> <p>Contract assets (or work in progress) are amounts due to the Group from customers that have not been invoiced. Some of these project receivables are made up of claims and variations, both approved and not approved by the customer. Management assesses the likelihood of recovery prior to recognising the amount due from the customer.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluated management's processes and controls over the collectability of trade receivables and contract assets; • Assessed the completeness and accuracy of the aged debtor (including ageing analysis) and work in progress reports at year end, and on a sample basis, agreed to the subsequent receipt of cash; • For the trade receivable balances that were not collected prior to the issue of the financial statements, evaluated on a sample basis the probability of recovery of outstanding amounts by reference to the status of contract negotiations, correspondence with the customers, external and internal legal advice and supporting documentation, historical recoveries and other supporting documentation; • Confirmed that unbilled work in progress amounts at year end were subsequently billed to the customer;



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<p>Credit risk and collectability of trade receivables and amounts due from customers under construction contracts are subject to estimation and judgement and are required to be monitored by management on an ongoing basis.</p>	<ul style="list-style-type: none"> • For the work in progress amounts that were not billed to the customer we challenged management's assessment of the recoverability of these amounts via inquiry of management, inspection of internal and external legal advice, or inspection of subsequent billing approved by the client; and • Assessed the appropriateness of the disclosures in the financial statements.
<p><i>Litigation and claims</i></p> <p><i>Refer to Note 21 'Provisions' and Note 33 'Contingent Liabilities'.</i></p> <p>Included in the Group's consolidated statement of financial position at 30 June 2020 are provisions related to litigation and claims totalling \$6.4 million.</p> <p>The Group is party to legal proceedings and claims brought by third parties as a result of normal business operations. Management have assessed each of these legal matters and determined, with the assistance of external legal counsel where relevant, whether there is a requirement to provide for expected exposures or disclose a contingent liability in the consolidated financial report.</p> <p>Judgement is applied when determining the likely settlement of litigation and claims. The most significant legal claims are related to:</p> <ul style="list-style-type: none"> • Payroll tax liability with the State Revenue Office (OSR) in New South Wales, Queensland and Victoria; • Research & development (R&D) tax concession; and • Class action in relation to the Group's contracting arrangements. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluated management's processes and controls to assess the likely financial impact of legal proceedings; • Obtained the Group's litigation reports and making enquiries about the status of litigation matters with Group management and external legal advisors; • Reviewed minutes of meetings of those charged with governance to identify their consideration of legal proceedings as relevant and correspondence between the Group and its external legal advisors; • Assessed management's determination of the provisions recorded for potential litigation losses and claims; and • Assessed the appropriateness of the disclosures in the financial statements.
<p><i>Discontinued Operations</i></p> <p><i>Refer to Note 16.2 'Discontinued Operations'.</i></p> <p>During the prior financial year, a decision was made to dispose the Heating, Ventilation and Air Conditioning (HVAC) component of the Build division. This has consequently been classified as a discontinued operation for the year ended 30 June 2020.</p> <p>Accounting and presentation of discontinued operations contain several judgments that affect the presentation of the consolidated profit or loss statement, which can affect:</p> <ul style="list-style-type: none"> • The allocation of revenue and costs 	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of the amounts classified as discontinued operations; • Agreed the aggregate carrying value of the disposed net assets from the underlying accounting records to the consolidated financial statements; • Evaluated and challenged the estimates and judgements within management's assessment of the onerous lease provisions and residual liabilities to be retained by the Group. This included reviewing and assessing contracts and lease agreements, the amounts allocated to discontinued operations, and the discount rate used in the calculation of the onerous lease provision;

INDEPENDENT AUDITOR'S REPORT



<p>between continuing and discontinued operations;</p> <ul style="list-style-type: none">• Allocation of intangible assets related to brands and goodwill for the business disposed of;• Settlement of employee liabilities;• Accounting for onerous leases and exit costs to be settled by the Group; and• Taxation implications relating to the discontinued operations.	<ul style="list-style-type: none">• Assessed the appropriateness of the allocation of the goodwill to the discontinued operations;• Assessed the appropriateness of the allocation of overhead expenses to the discontinued operations;• Assessed the related taxation balances; and• Assessed the appropriateness of the disclosures included in the financial statements.
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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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- 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's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 15 to 22 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of BSA Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

INDEPENDENT AUDITOR'S REPORT

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Responsibilities

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

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



AG Collinson
Partner
Chartered Accountants
Sydney, 24 August 2020

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SHAREHOLDER INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 31 JULY 2020

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

	Number of Holders	Ordinary Shares	Percentage Held	Number of Holders	Performance Rights	Percentage Held
1 to 1,000	192	61,005	0.01	5	451,387	33.31
1,001 to 5,000	561	1,731,446	0.40	-	-	-
5,001 to 10,000	285	2,218,287	0.51	-	-	-
10,001 to 100,000	698	28,827,270	6.66	2	232,461	17.16
100,001 and above	202	399,804,314	92.42	1	671,056	49.53
	1,938	432,642,322	100.00	8	1,354,904	100.00

There were 239 (2019: 221) holders of less than a marketable parcel of ordinary shares.

B. EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

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

Name of Holder	Ordinary Shares	
	Number Held	Percentage of Issued
NATIONAL NOMINEES LIMITED	111,389,785	25.75%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	104,271,391	24.10%
BIRKETU PTY LTD	73,175,760	16.91%
SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	22,113,723	5.11%
SAMLOWE PTY LTD <LOWE SUPER FUND A/C>	10,115,403	2.34%
MR GREG MULLANE	7,548,743	1.75%
FF OKRAM PTY LTD <FF PKRAM A/C>	6,315,009	1.46%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,283,133	0.76%
EMELWIN PTY LTD <N & E YATES SUPER FUND A/C>	2,993,959	0.69%
HGT INVESTMENTS PTY LTD	2,911,446	0.67%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,305,241	0.53%
CITICORP NOMINEES PTY LIMITED	1,903,578	0.44%
EDINGTON PTY LIMITED <HERRING SUPER FUND A/C>	1,769,376	0.41%
TALOOMBI PTY LTD	1,721,257	0.40%
CTSF PTY LTD <VC SUPERANNUATION FUND A/C>	1,675,945	0.39%
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,646,707	0.38%
MISS YAN LI	1,400,000	0.32%
MR NICHOLAS JOHN BENSON	1,390,215	0.32%
MR NICHOLAS KELVIN THOMSON YATES	1,259,524	0.29%
VANWARD INVESTMENTS LIMITED	1,194,807	0.28%
Top 20 Shareholders	360,385,002	83.30%
Total Shares Issued	432,642,322	100.00%

SHAREHOLDER INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 31 JULY 2020

C. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are set out below:

Ordinary Shares	Number Held	Percentage
NAOS ASSET MANAGEMENT LIMITED	110,430,180	25.52%
LANYON ASSET MANAGEMENT PTY LIMITED	94,311,187	21.80%
BIRKETU PTY LTD	73,175,760	16.91%
SANDHURST TRUSTEES LIMITED <WENTWORTH WILLIAMSON A/C>	22,113,723	5.11%

D. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

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

(b) Rights over an ordinary share

No voting rights.

CORPORATE DIRECTORY

BSA Limited - Corporate

Registered Office (Sydney)

Advanced Property Solutions (APS) Communications & Utility Infrastructure (CUI)

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Auditor

Deloitte Touche Tohmatsu

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Financier

Commonwealth Bank of Australia

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