

APPENDIX 4E

Results for Announcement to the Market and Annual Report

BSA Limited

50 088 412 748

FOR THE YEAR ENDED 30 JUNE 2019



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THE
WAVERLEY

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

FOR THE PERIOD ENDED **30 JUNE 2019**

PREVIOUS CORRESPONDING PERIOD 30 JUNE 2018

APPENDIX 4E

				\$'000
Revenue from ordinary activities	Up	9.7%	to	469,484
Profit from ordinary activities after income tax attributable to members	Up	21.9%	to	10,764
Net profit for the period attributable to members	Down	89.0%	to	172

	2019 cents	2018 cents
Basic earnings per share	2.523	2.087
Diluted earnings per share	2.511	2.079
Net tangible asset backing per ordinary share	3.42	5.41

DIVIDENDS

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

Record date for determining entitlement to dividends	30 September 2019
Payment date of dividend	4 November 2019
Total dividend payable	\$2,141,000

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. None of this dividend is foreign sourced.

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.

2019

BSA LIMITED

ANNUAL REPORT





BSA | Maintain has been delivering services to Curtin University since July 2018. This involves the provision of preventative, corrective and reactive maintenance for the mechanical and BMS assets across all their WA campuses located in Bentley, Perth CBD and Kalgoorlie.



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The 44 level office block on Mount St is one of North Sydney's largest commercial towers. In conjunction with Laing O'Rourke, **BSA | Build** completed work on this project in mid 2019. It has been designed to achieve a 5-star Green Star and a 5-star NABERS energy rating.

KEY HIGHLIGHTS*

\$469.5
million

Revenue

\$21.8
million

EBITDA

\$10.8
million

Net Profit

* from Continuing Operations (refer page 13)

CHAIRMAN'S REPORT

Michael Givoni
Chairman



FY2019 was a successful year for BSA Limited, with improvements noted across all key financial metrics for continuing operations. A detailed review of these results is outlined in the Managing Director's Report, however the high level financial results from continuing operations are:

Revenue \$469.5 million (2018: \$427.9 million)

EBITDA \$21.8 million (2018: \$19.2 million)

EBITDA excluding significant items \$24.6 million (2018: \$21.4 million)

NPAT \$10.8 million (2018: \$8.8 million)

Operating cash inflow \$18.3 million (2018: \$4.7 million)

Basic earnings per share of 2.52 cents (2018: 2.09 cents)

Net Cash \$16.3 million (2018: \$7.0 million)

Final dividend declared 0.5 cents per share (2018: 0.5 cents)

It was pleasing to see the progress in our core business areas, particularly our annuity businesses across Connect and Maintain.

The substantial reduction in legacy issues and a return to reporting results without underlying commentary and add back adjustments is a key objective of the Board heading into FY2020.

In the Connect core business we are greatly encouraged by the feedback we have received from our major clients in nbn, Foxtel and Optus. It has been pleasing to see market leading KPI performance as we continue to consolidate our position as a genuine tier one Telecommunications market service provider.

An extensive piece of work has been undertaken to reduce the company's exposure to higher perceived risks in the HVAC construction sector. In this regard, on 13 August 2019 **BSA | Build | HVAC Major Projects** business in New South Wales and Victoria was successfully divested to Fredon Air Pty Limited. BSA will retain a Special Projects Team to support our BSA Maintain clients – we view this as an important differentiator in the self-delivery of facilities maintenance. A key driver in the divestment of HVAC Build and the right sizing of overheads is to create a sustainable platform that will generate a more predictable and higher margin portfolio of business units across BSA.

New organic Business Development opportunities were unlocked in the solar and smart metering space, which included new works with Estia Aged Care. In the Maintain division, new contracts were secured including YMCA (National Multi services) and BHP Commercial offices. We are confident that our Business Development activities will ensure that we substantially replace the lost HVAC Build volume in FY2020.

During the course of FY2019, important management changes assisted BSA Limited to realign key priorities. Our CEO, Nicholas Yates has prioritised organic Business Development. Tim Harris was appointed Deputy CEO and added the finance function to his operational focus. With our most senior executives having clarity on key priorities, this restructure has already begun to yield positive results.

Throughout the last year your Board also approved investment in an IT systems enhancement that will automate key parts of our field service and maintenance tasks. An important by product will be increased productivity in the field as well as greater visibility for our customers. These IT enhancements will be a key driver of the working capital improvements that both the Board and the Management Team are striving for.

We also undertook a Board refresh in recent months. We welcomed David Prescott as a new Director who brings strong and relevant skills to the BSA Limited Board in Mergers & Acquisitions and Corporate communications. David is a hardworking Director who is prepared to roll up sleeves as required.

Long standing Board Member, Edwin Maxwell Cowley announced his retirement from the BSA Board in February 2019. Max spent over eleven years on the BSA Limited Board during which time he contributed his wealth of knowledge in a constructive and forthright manner. On a personal note, I would like to thank Max for his sage advice and steady hand throughout his journey with BSA Limited.

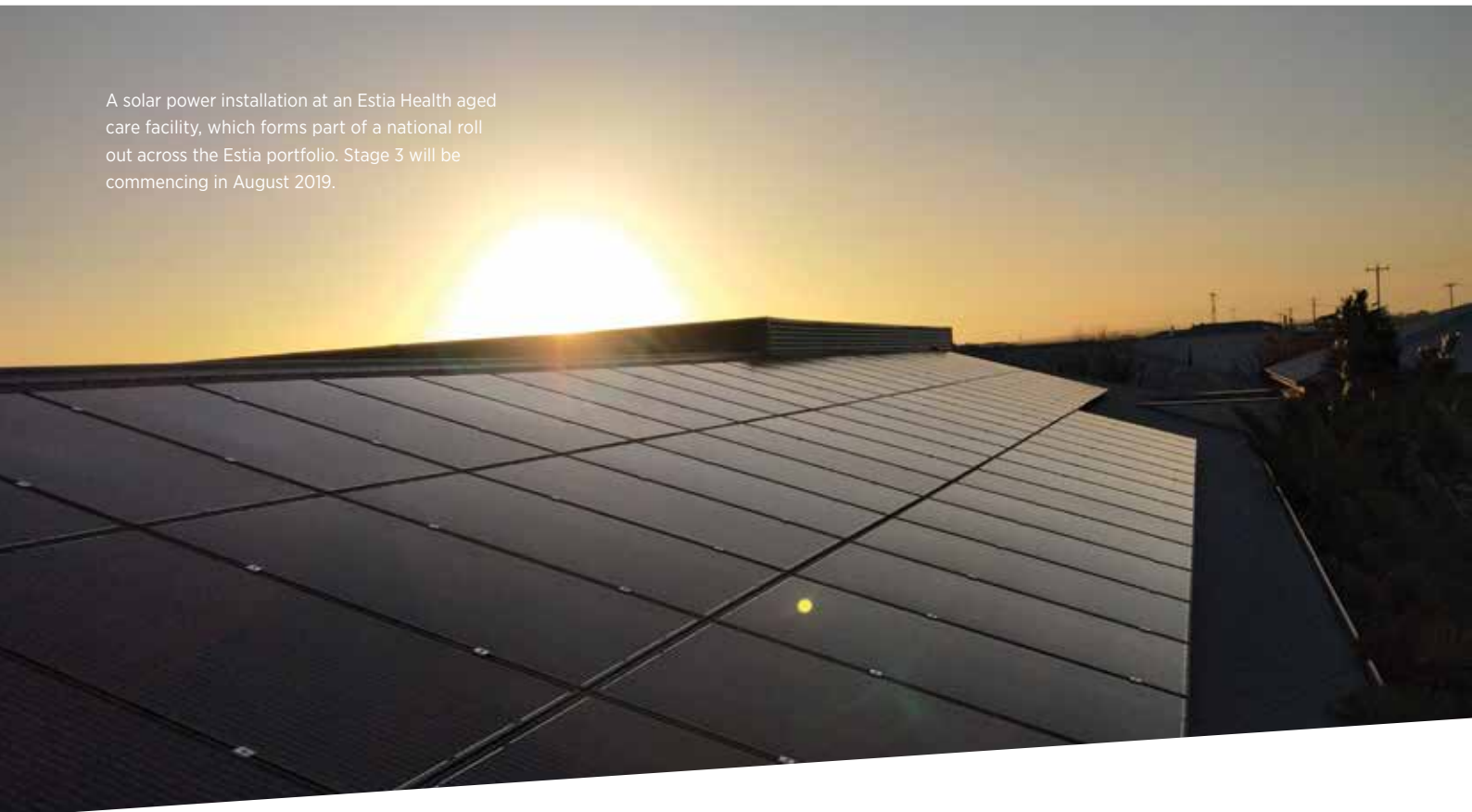
BSA has continued to enjoy a supportive and strong relationship with our financiers National Australia Bank in FY2019 and we appreciate the ongoing support and commitment.

Finally I thank my fellow Directors for their support in what has been another challenging but fulfilling year. I wish to acknowledge and also thank management and staff for their ongoing hard work and commitment.

Michael Givoni
Chairman
20 August 2019

MANAGING DIRECTOR'S REPORT

A solar power installation at an Estia Health aged care facility, which forms part of a national roll out across the Estia portfolio. Stage 3 will be commencing in August 2019.



MANAGING DIRECTOR'S REPORT



Nicholas Yates
Managing Director and
Chief Executive Officer

OPERATIONAL AND FINANCIAL HIGHLIGHTS AND OUTLOOK

A positive financial result and the achievement of key strategic outcomes has made FY2019 a successful year for BSA Limited by any measure. Group revenue from continuing operations has increased by 9.7% to \$469.5 million (2018: \$427.9 million) whilst EBITDA increased by 13.7% to \$21.8 million (2018: \$19.2 million) and net profit grew to \$10.8 million (2018: \$8.8 million). Operating cash inflow increased by 289.4% to \$18.3 million and Net Cash at year end was \$16.3 million (including \$4.1 million of cash held in the BSAF Joint Operation which has been divested post year-end). BSA has rejuvenated our finance function and the refreshed financial management team has driven a keen focus on key aspects of cash management.

The **BSA | Connect** business unit again performed well, achieving consecutive record years in terms of revenue and profit. **BSA | Maintain** achieved improved revenue and EBITDA results whilst streamlining operations and generating tangible cost efficiencies. Our Fire business continues to improve performance and continues to push into the burgeoning infrastructure business. As per our previously stated strategic goals we have completed the divestment of the HVAC Build business which significantly reduces our exposure to lump

“A positive financial result and the achievement of key strategic outcomes has made FY2019 a successful year for BSA Limited by any measure.”

sum contracting risk and is significant in underpinning our move to an annuity income services based business model. FY2019 saw the proportion of annuity revenue at 62% and with the sale of the HVAC Build Major Projects business, this will shift even more sharply in FY2020 to approximately 75%.

FY2019 saw BSA continue in our efforts to grow and expand into new markets, in line with our previously announced strategic goals. We are now established as a respected operator in the metering services, new energy and solar spaces.

A key focus for the business has been reorganisation of our Business Development function, to ensure maximum returns from the significant investment made in this area. This approach has begun to yield results, with a number of contracts awarded in new and existing markets throughout the year.

GROWTH

With the divestment of the **BSA | Build HVAC** business being completed post year end, the opportunities for growth in the remaining pillars of the BSA business are a key focus. Our strategic growth plans are based on genuine end-to-end service provision across Telecommunications and Property Asset Management. We will be building this framework on our significant foundation through organic growth and via expansion both geographically and into adjacent markets.

Our Advisory and design team continues to provide our Business Units with innovative engineering solutions that underpin our end-to-end asset solution offering and assist in converting opportunities and providing value to their clients. This allows us to partner with our clients through the end-to-end life cycle management of their assets, and has enabled the provision of a multitude of technical services ranging from planning for Asset Capture/Collection and Internet of Things (“IoT”) implementation to Energy modelling, Mechanical/Fire/Electrical infrastructure upgrade designs and problem based investigations and solutions.

HEALTH, SAFETY, ENVIRONMENT AND QUALITY (HSEQ)

BSA has recorded a continued reduction in Total Recordable Injury Frequency Rate (TRIFR) since 2016 with current performance reported at 8.86 (June 2019) vs 14.74 (July 2016) which is indicative of a 39.9% decrease on TRIFR over the 3 year period. Unfortunately, in the FY2019 period the target of 10% reduction on the TRIFR was not achieved with the TRIFR increasing slightly. This was primarily due to an increase in medical treatment injuries to Contractors across the Group.

Utilising the BSA Group Business Process Framework and individual Business Unit documentation, the BSA Group successfully achieved

recertification in ISO 14001, 9001 and ASNZS 4801 during the year.

During FY2019 BSA refreshed the Safety Leadership program through the Walk the Talk program. This program saw Executive and Senior Management undertake more frequent field visits to discuss practical safety approaches with our people. This supports BSA's path to a leader led Health and Safety culture.

Though outside the reporting period, we were pleased to receive recertification from the Federal Safety Commissioner in July 2019, after the completion of an extensive auditing and review process. The recertification extends to 26 July, 2022.

Looking forward to FY2020 BSA will continue to concentrate on a range of initiatives that align with our HSE vision to “Foster a collaborative working environment where the only choice that can be made at work is the safe and environmentally sustainable choice - in turn enabling our people to return home safe every day”. The key pillars of the forward Safety Strategy comprise our Systems, Risk Management (Critical Risk Control), HSE Capability, Health, Wellbeing, Leadership and Culture. A number of activities are encompassed in each of the pillars that will be delivered throughout the business.

COMMUNITY SUPPORT

During the year BSA, its subsidiaries and its employees, contributed to a number of charity fundraisers including Property Industry Foundation, South Newcastle Rugby League, Everyday Hero Foundation, Rotary Australia, Childrens Cancer institute, Balmoral Swim for Cancer, Sydney Uni Sport, Southern Districts Rugby, Cancer Council, Australian Himalayan Foundation and Balcatta Football Club. We also continued our long-standing support of Youngcare through the provision of services in kind.



BSA | CONNECT

BSA | Connect again achieved a record year in terms of revenue and profit. BSA | Connect completed over 1 million tickets in FY2019. The business achieved modest revenue uplift of 0.8%, which combined with the successful implementation of workforce and cost optimisation programs delivered an EBITDA result of \$19.3 million, representing a \$0.8 million or 4.3% increase on the prior year.

BSA | Connect substantially completed construction under the nbn Multi-technology Integrated Master Agreement (MIMA), resulting in the reduction of year-on-year revenue generated from this project of \$24.6 million. This revenue shortfall was more than offset by a strong increase in activity under the nbn Operate and Maintain (OMMA) contract, which saw revenue growth of \$33.3 million (27.7%). This growth was due to the business's ability to rapidly mobilise a significant increase in its technical workforce to meet the nbn ramp up requirements for the Hybrid Fibre Coax (HFC) rollout. This process was assisted by BSA's strategic investment in building an internal network workforce, which was recognised by nbn with the award of network optimization and maintenance works.

Softness in the subscription television market continues, as access to faster broadband to support streaming services improves, with revenue

generated from our long-standing Foxtel contract declining 8.7% putting further pressure on margins. BSA is working collaboratively with Foxtel to identify and implement further improvements to what is considered an already best-of-breed delivery model.

BSA | Connect achieved significant organic revenue growth within the "smart" electricity metering field services business throughout FY2019 to >\$5 million (199% increase) and EBITDA improvements of \$0.4 million and has now established itself in this market, being awarded a second contract in late FY2019, which will support continued growth and increased market share in FY2020.

As a key pillar of its People, Process and Systems strategy, **BSA | Connect** has embarked on a significant investment in a world-class field service management solution that enables the delivery of significantly more streamlined, scalable and efficient services and a greatly improved end-customer experience, which will provide BSA with a platform for accelerated growth. BSA implemented a successful pilot of the solution on the Optus Business platform in March 2019 with a staged rollout to be delivered progressively through FY2020.



KEY AREAS OF FOCUS FOR FY2020 INCLUDE:

- Continue strong operational “on the ground” performance within existing core contracts to secure partnerships over the long-term as client needs evolve.
- Continue the development of a highly-skilled internal technical workforce to provide BSA with a key competitive advantage.
- Continue the implementation of the new field service management solution to optimise business and client outcomes plus provide a solid growth platform.
- Retain and expand services to existing customers via geographic and new services opportunities.
- Expansion of energy market services via geographic growth and increased diversification of the customer base.
- Entry into the mobile telecommunications market in preparation for 5G opportunities.
- Establishment and growth within the fixed wireless network and residential sector.
- Converting opportunities within adjacent sectors for delivery of workforce management systems and resources management solutions to scale.
- Increased focus on identifying and converting opportunities within Government departments related to telecommunications, energy and Internet of Things (IoT) including Smart City end-to-end opportunities.
- Development of strategic partnerships enabling end-to-end design, build, operate and maintain services.

BSA | Connect

\$251.5 million

Revenue

[2018: \$249.4 million]

\$19.3 million *

EBITDA

[2018: \$18.5 million]

* Excludes Corporate Recharges

BSA | MAINTAIN

In FY2019, **BSA | Maintain** increased revenue by \$9.8 million from \$93.5 million to \$103.3 million and EBITDA increased by \$1.3 million from \$2.9 million to \$4.2 million.

Throughout FY2019, **BSA | Maintain** continued to deliver and grow service agreements across a diverse range of industries and regions resulting in a number of new contracts being secured including:

- YMCA (National Multi Services)
- BHP Commercial Offices (WA, VIC and QLD)
- Charles Darwin University (NT)
- GMHBA Stadium (VIC)
- Woodside Karratha Housing (WA)

In addition, the following key contract extensions have been secured during the financial year:

- INPEX LNG Plant (NT)
- Scentre Group (WA)
- Sodexo / Rio Tinto (WA)
- Various Government Councils

Continuing in the theme of organic expansion, **BSA | Maintain** has extended its geographical and service offering footprint by opening offices in Geelong, Katherine and Tasmania (August 2019), and completing an expansion into electrical services from the existing Karratha branch. Expansion plans continue to evolve around organic operational delivery opportunities with plans progressing towards further expansion into regional QLD.

BSA | Maintain has expanded the Building Automation division with teams now established across NSW, VIC, QLD and WA. This expansion has facilitated the exploration of technological developments in the industry including data analytics, IoT and energy management to strongly complement our existing client service offering. Looking

forward, we will continue to explore and implement highly relevant technological innovations as a key part of our value-added proposition.

Advisory and energy services have also continued to build additional value to our national maintain clients through energy auditing and consultancy on building upgrades to assist with energy reduction strategies across their portfolios.

The **BSA | Maintain | Fire** division continued its growth journey in the year and now has a very sound and scalable base to take advantage of the growing external market to accelerate growth.

BSA | Maintain was formally recognised as Trainer of the Year in Western Australia, combined with our first qualified female tradesperson winning an award as best third year apprentice for 2018. We will continue to invest in the growth and professional development of key staff at all levels of the organisation, as we consider this to be a foundation to fulfilling our strategic objectives.

A key focus for the **BSA | Maintain** team entering FY2020 will be to drive further growth across all BSA service platforms while capturing and leveraging the efficiencies of our size and scale.

The groundwork towards positioning **BSA | Maintain** as an industry leader in complete asset life cycle management in every major capital city and key regional locations across Australia is well-underway. The existing geographical footprint, coupled with a breadth and depth of service offerings, strongly positions **BSA | Maintain** for future business growth.

BSA | Maintain

\$103.3 million

Revenue

[2018: \$93.5 million]

\$4.2 million *

EBITDA

[2018: \$2.9 million]

* Excludes Corporate Recharges

For more than 16 years, **BSA | Maintain** has been delivering the mechanical maintenance services across the entire WA Scentre Group portfolio including Westfield Innaloo, Westfield Whitford City and Westfield Carousel – WA's largest shopping centre.





BSA | Build delivered the new 9 storey Acute Services Building as part of Stage 2 of the \$700 million Blacktown and Mount Druitt Hospitals Expansion Project.

BSA | BUILD

The **BSA | Build** performance improved as the strategy to refocus the business to meet the challenging external environment was successfully implemented.

As a result of a previously announced strategic review, the business unit ceased HVAC operations in QLD and WA in the year and refocused the VIC and NSW businesses on more selective tendering where margin and risk apportionment were appropriate for the work being undertaken. This restructuring activity has impacted the EBITDA result for the year.

Significant projects completed include Blacktown Hospital, 100 Mount Street in North Sydney while the Glen Shopping Centre in Melbourne and the Calvary Hospital in Adelaide approach completion.

BSA | BUILD | FIRE

BSA | Build | Fire continued to establish and maintain its status as a tier 1 solution provider, with end-to-end in-house capability in the Fire construction sector. **BSA | Build | Fire** has continued its year on year growth targets and is well positioned to further enhance its offerings.

As previously announced, BSA Limited has secured and is delivering some of the largest Fire Protection contracts in Australia. These projects represent a significant milestone for BSA and underpin not only the strategy to be the market leader in specialist fire protection services nationally, but also our strategic objective to enter the burgeoning infrastructure market.

Our modularised solutions in NorthConnex and 60 Martin Place are being lauded as significant 'step change' innovations which have fundamentally changed the market and provided huge benefits to our clients. We will be continuing with this integrated project delivery model which is adding great value to our clients through more robust design, less re-work and increased productivity. This innovative approach also reduces the commercial risk usually associated with these types of projects for both BSA and our clients.


FY2019 has seen the successful development of BSA's commercial solar capabilities delivering a number of projects across the health, education and retail sectors. A core, specialist team has been established and will continue to work closely with state based project teams on the national roll out of solar across Estia Health Aged Care sites and delivery of a strong pipeline of tendered projects for FY2020.

MANAGING DIRECTOR'S REPORT

Major contracts secured throughout the year include:

- NorthConnex - NSW
- Crown Casino Sydney
- Grafton Prison
- Wynyard Commercial development

As per the introductory commentary, we have now divested the HVAC Build Major Projects business which as well as lowering the overall risk will allow us to provide added focus to our attractive Special Projects and Fire businesses.



Nicholas Yates
Managing Director and
Chief Executive Officer

20 August 2019

DISCLOSING NON-IFRS FINANCIAL INFORMATION

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

	FY2019	FY2018
	\$'000	\$'000
Profit/(loss) for the year from continuing operations	10,764	8,827
Add back	-	-
Income tax expense/(benefit)	4,033	4,465
Finance costs	819	604
Interest revenue	(11)	(24)
Depreciation	5,515	4,619
Amortisation expense	674	674
EBITDA	21,793	19,165
Total Significant Items (note 6.4)	2,818	2,193
EBITDA excluding Significant Items	24,611	21,358

* From continuing operations.

BSA | Build | Fire

\$66.0 million

Revenue

[2018: \$51.8 million]

\$5.3 million *

EBITDA

[2018: \$4.0 million]

* Excludes Corporate Recharges

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 2019.

THE BOARD OF DIRECTORS AS AT 30 JUNE 2019



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. Michael 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. Paul spent over 20 years in private practice as a corporate lawyer specialising in business and corporate law with a special interest in corporate governance.

Paul is a Non-Executive Director and Audit Committee Chairman of Drake Supermarkets Pty Ltd. Paul was appointed as a Non-Executive Director on 23 March 2005 and is currently Chair of the Audit Committee.



NICHOLAS YATES

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

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, Nicholas 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 and was appointed Managing Director and Chief Executive Officer of BSA Limited on 13 March 2014.



MAX COWLEY

NON-EXECUTIVE DIRECTOR

Mr. Cowley practised as Principal of Chartered Accounting firm E M Cowley & Co for 47 years. Max's years of corporate and financial experience are extensive. Max was a Director of WIN Corporation Pty Ltd, Australia's

largest regional television network and has been involved with that organisation from its commencement and over the past 37 years. Having previously served on the Board of BSA from 2 May 2006 until 27 November 2012, Max was appointed as a Non-Executive Director on 14 April 2014 and retired on 8 February 2019.



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. Mark is a former Director of Construction Information Systems Limited (NATSPEC) and a former National President of the Air-Conditioning Mechanical Contractors Association of Australia. Mark has been a Non-Executive Director since 2 March 2012.



GRAEME BARCLAY

NON-EXECUTIVE DIRECTOR

Mr. Barclay has extensive experience in executive leadership and strategic development in areas that brings valuable skills to the BSA Board and Company.

Graeme 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 also has senior executive level experience within investment banking and chartered accounting businesses, with responsibilities including property, investment banking, corporate finance and corporate restructuring.

Graeme is a member of the Australian Institute of Company Directors, a Fellow of the Financial Services Institute of Australasia and is a qualified Chartered Accountant in Scotland and Australia/NZ. Graeme is currently a Non-Executive Director of Codan Limited, Non-Executive Chairman of Uniti Group Limited and CEO of Axicom Group Holdco Pty Limited. Graeme was appointed as a Non-Executive Director on 30 June 2015, 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. David was previously Head of Equities at institutional fund manager, CP2 (formerly Capital Partners). David 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. David was appointed as a Non-Executive Director on 3 June 2019.

DIRECTOR INDEPENDENCE

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

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 2.5 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 - Graham has had extensive experience as a contract accountant and in corporate advisory roles. He is currently also Company Secretary for Legend Corporation Limited and 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 13.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

As at 30 June 2019, the following information is provided in relation to Directors:

Director	Special Responsibilities	Ordinary Shares	Options	Share Rights
Michael Givoni				
	Non-Executive Director	1,255,946	Nil	Nil
	Chairman of Board			
	Member of Remuneration Committee			
	Member of Audit Committee			
Nicholas Yates				
	Executive Director	2,907,625	Nil	1,259,524
	Managing Director			
Paul Telsseire				
	Non-Executive Director	680,012	Nil	Nil
	Member of Remuneration Committee			
	Chairman of Audit Committee			
Mark Lowe				
	Non-Executive Director	10,315,403	Nil	Nil
	Member of Remuneration Committee			
	Member of Audit Committee			
Graeme Barclay				
	Non-Executive Director	155,925	Nil	Nil
	Chairman of Remuneration Committee			
	Member of Audit Committee			
David Prescott				
	Non-Executive Director	91,405,746*	Nil	Nil
	Member of Remuneration Committee			
	Member of Audit Committee			

*David Prescott is Investment Manager of Lanyon Asset Management Pty Ltd which holds the 91,405,746 ordinary shares in BSA Limited.

At the date of this Annual Report, there were no 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)
Graeme Barclay		
Appointed 1 February 2015	Codan Limited	Non-Executive Director
Appointed 24 September 2018	Uniti Group Limited	Non-Executive Chairman

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 2019:

	30 June 2019 ²	30 June 2018 ²	30 June 2017	30 June 2016	30 June 2015
Revenue	\$469.5m	\$427.9m	\$492.3m	\$511.9m	\$543.7m
Net profit/(loss) before tax	\$14.8m	\$13.3m	\$5.6m	(\$3.0)m	\$5.4m
Net profit/(loss) after tax	\$10.8m	\$8.8m	\$4.0m	(\$2.2)m	\$3.9m
Share price at start of year	\$0.305	\$0.340	\$0.245	\$0.165	\$0.100
Share price at end of year	\$0.325	\$0.305	\$0.340	\$0.245	\$0.165
Final Dividend ¹	0.50 cps	0.50 cps	0.50 cps	0.00 cps	0.00 cps
Basic earnings per share	2.52cps	2.09cps	0.94 cps	(0.52) cps	1.11 cps
Diluted earnings per share	2.51cps	2.08cps	0.93 cps	(0.52) cps	1.10 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 seven 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 2019:

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 the change in legislation as at 1 July 2005, employees can exercise choice as to where their superannuation is paid.

Short Term Incentives

Executive remuneration packages include a bonus based on a combination of the Company achieving a predetermined profit target and certain predetermined operational targets being met. Using a profit target ensures variable at-risk reward is only available when value has been created for shareholders and when achieved profit is consistent with the business plan.

Each executive and senior manager with operational responsibilities has a Short-Term Incentive (STI) depending on the accountabilities of the role and impact on organisation and business unit performance.

The maximum target bonus opportunity is 80% of base salary.

To the extent an STI bonus is earned, 50% of the bonus is paid in cash, and the other 50%, which can either be cash or performance rights, is deferred for a period of two years.

For the year ended 30 June 2019, the targets under the STI plans were based on the Group and individual business unit financial objectives. The target achievement required performance in delivering an overall increase in EBIT. The Group targets apply to the whole of the management team.

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. Short-term bonus payments are calculated in line with actual performance versus target performance levels. Because short-term targets cover several operational areas of the business as well as the overall Group target, a proportion of STI may be paid when business unit or other operational targets are achieved although the Group's overall target may not be met.

Options

The BSA Employee Option Plan was approved by shareholders at the 2004 Annual General Meeting. The last of those options expired on 30 June 2010.

No Options have been granted since that date.

The board of directors has resolved to cancel the Employee Option Plan.

Employee Share scheme

A scheme under which shares are able to be issued by the Company to employees for no cash consideration was ratified by shareholders at the 2004 AGM. All permanent employees (including Executive Directors) who were continuously employed by the consolidated entity for a period of at least one year were eligible to participate in the scheme. Employees could elect not to participate in the scheme.

Since that date, no further shares have been offered to employees under the Employee Share Scheme.

The board of directors has resolved to cancel the Employee Share Scheme.

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 2019.

The number of shares held in escrow and the amount of the outstanding loans as at 30 June 2019 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.

REMUNERATION REPORT

A right lapses if the vesting conditions are not met.

During the year to 30 June 2019, 1,108,741 rights were granted to executives, of which 553,301 have vested, 380,000 vest on 1 February 2020 and 175,440 vest on 30 June 2020.

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.

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 2019, Non-Executive Directors elected to acquire 257,838 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) Executive Director

Nicholas Yates

(iii) Non-Executive Directors

Paul Teisseire

Max Cowley

Mark Lowe

Graeme Barclay

David Prescott

(iv) Deputy Chief Executive Officer

Timothy Harris

REMUNERATION REPORT

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

2019	Short-term Benefits			Post Employment	Long-term Benefits	Share-based payments				
	Cash, Salary & Fees	Cash Bonus	Interest Unwind on Loans	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.

REMUNERATION REPORT

2018	Short-term Benefits			Post Employment	Long-term Benefits	Share-based payments				
	Cash, Salary & Fees	Cash Bonus	Interest Unwind on Loans	Superannuation	Long Service Leave	Termination Benefits	Rights	Rights	Total	Performance Related
Name	\$	\$	\$	\$	\$	\$	\$	%	\$	%
Non-Executive Directors										
Michael Givoni	156,557	-	-	14,272	-	-	-	-	170,829	-
Paul Teisseire	83,616	-	-	7,944	-	-	-	-	91,560	-
Max Cowley	83,616	-	-	7,944	-	-	-	-	91,560	-
Mark Lowe *	83,616	-	-	7,944	-	-	-	-	91,560	-
Graeme Barclay	83,616	-	-	7,944	-	-	-	-	91,560	-
Sub-total	491,021	-	-	46,048	-	-	-	-	537,069	
Non-Executive Directors										
Executive Directors										
Nicholas Yates	650,692	50,000	-	19,308	6,488	-	50,000	6.44	776,488	12.88
Other Key Management Personnel										
Chief Financial Officer										
Nicholas Benson	395,030	50,000	-	25,000	3,355	-	-	-	473,385	10.56
Chief Operating Officer										
Timothy Harris	541,533	63,544	-	21,494	9,417	-	95,050	13.00	731,038	21.69
Total compensation	2,078,276	163,544	-	111,850	19,260	-	145,050		2,517,980	

* During FY2018 Mark Lowe was contracted to the company within the **BSA | Build** business unit, to assist in driving improved performance from the business unit. \$24,000 of Mark Lowe's remuneration relates to his role assisting **BSA | Build** during the year and was not Directors fees.

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 Limited Option Plan and 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 2019.

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 FY2019 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>			
Timothy Harris	50,000	100	-

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 \$
Consolidated and parent entity						
13 Oct 2006	0.23	450,000	-	50,000	400,000	92,000
19 Jul 2007	0.63	850,000	-	250,000	600,000	378,000
11 Sep 2007	0.68	150,000	-	-	150,000	102,000
13 Sep 2007	0.68	-	-	-	-	-
14 Dec 2007	0.68	400,000	-	-	400,000	272,000
10 Feb 2009	0.10	750,000	-	250,000	500,000	50,000
Total		2,600,000	-	550,000	2,050,000	894,000

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 \$
Consolidated and parent entity										
Nicholas Yates	25 Nov 2014	30 Jun 2015	25 Nov 2019	1,116,667	-	-	-	1,116,667	0.165	184,250
Timothy Harris	29 Nov 2016	1 Sep 2017	29 Nov 2021	200,000	-	(200,000)	-	-	0.325	-
Nicholas Yates	28 Nov 2016	31 Jan 2018	28 Nov 2021	142,857	-	-	-	142,857	0.350	50,000
Timothy Harris	4 Dec 2017	4 Dec 2017	4 Dec 2022	175,391	-	(175,391)	-	-	0.371	-
Timothy Harris	28 Jun 2019	30 Jun 2020	1 Mar 2024	-	175,440	-	-	175,440	0.285	50,000
Total				1,634,915	175,440	(375,391)	-	1,434,964		284,250

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	Granted	Released	Forfeited	Balance in	Fair Value	Aggregate
				at Start of	During	from Escrow	During	Escrow at	per Right	
				the Year	the Year	During the	the Year	End of the	at Grant	Fair Value
				Number	Number	Year	Number	Year	Date	\$
Consolidated and parent entity										
Michael Givoni	3 May 2018	3 May 2018	3 May 2033	207,838	-	(207,838)	-	-	0.337	-
Graeme Barclay	3 May 2018	3 May 2018	3 May 2033	50,000	-	(50,000)	-	-	0.337	-
Michael Givoni	28 Mar 2019	28 Mar 2019	28 Mar 2034	-	251,708	(251,708)	-	-	0.278	-
Graeme Barclay	28 Mar 2019	28 Mar 2019	28 Mar 2034	-	105,000	(105,000)	-	-	0.278	-
Total				257,838	356,708	(614,546)	-	-		-

Deferred Rights are granted over ordinary shares for the price specified as Fair Value per Deferred Right at the date of grant, and no further amount is payable on the automatic exercise of the Right 90 days after grant.

F. REMUNERATION CONSULTANTS

During the year ended 30 June 2019, 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 2019 financial year was \$17,500 (2018: \$18,500).

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 2019, 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 FY2019	Meetings Attended	Meetings Held during tenure in FY2019	Meetings Attended	Meetings Held during tenure in FY2019
Michael Givoni	16	16	2	2	4	4
Nicholas Yates	16	16	-	-	-	-
Graeme Barclay	14	16	2	2	3	4
Max Cowley	9	9	1	2	3	4
Paul Teisseire	15	16	2	2	4	4
Mark Lowe	14	16	1	2	4	4
David Prescott	1	1	-	-	-	-

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.

Michael Givoni and Paul Teisseire are the Directors who have been longest in office and who, being eligible, offer themselves for re-election at the 2019 Annual General Meeting.

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.

OPTIONS

As at the date of this report, there were no unissued ordinary shares of the Company under option.

During the year ended 30 June 2019, no ordinary shares of the Company were issued on the exercise of options granted under the BSA Limited Employee Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

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
25 Nov 2014	25 Nov 2019	\$0.00	1,116,667	\$0.165
28 Nov 2017	4 Dec 2022	\$0.00	142,857	\$0.350
1 Oct 2018	1 Oct 2023	\$0.00	553,301	\$0.271
1 Feb 2019	1 Feb 2024	\$0.00	380,000	\$0.283
1 Mar 2019	1 Mar 2024	\$0.00	175,440	\$0.285
			2,368,265	

During the year ended 30 June 2019, 375,391 rights granted under the BSA Limited Employee Performance Rights Plan were exercised. Since that date, 257,838 rights have been converted to Restricted Ordinary Shares. No amounts are unpaid on any of the shares.

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

	FY2019	FY2018
	\$	\$
Amounts due for the financial year to Deloitte Touche Tohmatsu for:		
Auditing or reviewing the financial report	386,060	353,390
Taxation services	469,883	299,708
Other non-audit services	55,000	17,250
	910,943	670,348

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2019 as required under section 307c of the Corporations Act 2001 (Cth) has been received and can be found on page 27 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

20 August 2019



AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

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

Deloitte Touche Tohmatsu
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20 August 2019

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 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



AG Collinson
Partner
Chartered Accountants

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 2019

	Note	2019 \$'000	2018 \$'000
Revenue	5	469,484	427,873
Investment revenue		11	24
Other gains and losses		284	219
Changes in inventories of finished goods and work in progress	6.1	(230)	(633)
Subcontractor and raw materials used	6.1	(357,170)	(315,208)
Employee benefits expense	6.3	(54,424)	(59,320)
Depreciation expenses	6.2	(5,515)	(4,619)
Amortisation expenses	6.2	(674)	(674)
Occupancy expenses		(4,520)	(5,557)
Finance costs		(819)	(604)
Other expenses		(31,630)	(28,209)
Profit from continuing operations, before tax		14,797	13,292
Income tax expense	7.1	(4,033)	(4,465)
Profit for the year from continuing operations, after tax		10,764	8,827
Discontinued Operations			
Loss from discontinued operations, after tax	18.2	(10,592)	(7,263)
Profit for the year		172	1,564
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		172	1,564
Earnings per share for profit from continuing operations:			
Basic earnings per share		2.523 cents	2.087 cents
Diluted earnings per share		2.511 cents	2.079 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 2019

	Note	2019 \$'000	2018 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	11	21,941	12,670
Trade and other receivables	12	58,963	106,224
Contract assets	13	12,835	-
Inventories	14	1,311	1,541
Assets held for sale	18.2	17,414	-
TOTAL CURRENT ASSETS		112,464	120,435
NON-CURRENT ASSETS			
Trade and other receivables	12	432	946
Investments in Joint Ventures	19	-	170
Property, plant & equipment	15	16,337	14,736
Deferred tax assets	7.2	8,982	5,215
Goodwill	16	11,185	15,185
Other intangible assets	17	1,066	1,740
TOTAL NON-CURRENT ASSETS		38,002	37,992
TOTAL ASSETS		150,466	158,427
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	21	62,873	92,066
Contract liabilities	13	14,092	-
Borrowings	22	2,853	2,083
Current tax liabilities		2,806	-
Provisions	23	11,730	12,058
Liabilities associated with assets held for sale	18.2	12,695	-
TOTAL CURRENT LIABILITIES		107,049	106,207
NON-CURRENT LIABILITIES			
Borrowings	22	2,820	3,621
Provisions	23	4,596	3,481
Investments in joint ventures	19	67	81
TOTAL NON-CURRENT LIABILITIES		7,483	7,183
TOTAL LIABILITIES		114,532	113,390
NET ASSETS		35,934	45,037
EQUITY			
Issued capital	24	98,894	97,562
Reserves	25(a)	1,868	1,568
Accumulated losses	25(b)	(74,032)	(65,243)
Profit reserve	25(c)	9,204	11,150
TOTAL EQUITY		35,934	45,037

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 2019

						Consolidated
	Note	Issued Capital \$'000	Accumulated Losses (Refer Note 2) \$'000	Profit Reserve \$'000	Share-based Payment Reserve \$'000	Total \$'000
Balance at 1 July 2017		97,564	(65,243)	11,700	1,423	45,444
Profit for the year		-	-	1,564	-	1,564
Total comprehensive income for the year		-	-	1,564	-	1,564
Share-based payment expense		-	-	-	145	145
Shares issued in satisfaction of performance conditions		(2)	-	-	-	(2)
Dividends paid	25(d)	-	-	(2,114)	-	(2,114)
Balance at 30 June 2018		97,562	(65,243)	11,150	1,568	45,037
Opening balance adjustment on initial application of AASB 15	2.1	-	(8,269)	-	-	(8,269)
Opening balance adjustment on initial application of AASB 9	2.1	-	(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 profit for the year		-	-	172	-	172
Share-based payment expense		-	-	-	299	299
Shares issued during period	25(d)	1,332	-	(1,245)	1	88
Dividends paid	25(d)	-	-	(873)	-	(873)
Balance at 30 June 2019		98,894	(74,032)	9,204	1,868	35,934

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 2019

	Note	2019 \$'000 ¹	Consolidated 2018 \$'000 ¹
Cash Flows From Operating Activities:			
Cash receipts from customers		641,665	619,043
Payments to suppliers and employees		(622,511)	(613,759)
Interest received		11	24
Dividend received		-	200
Interest and other costs of finance paid		(819)	(845)
Net cash generated by/(used in) operating activities	28(a)	18,346	4,663
Cash Flows From Investing Activities:			
Proceeds from disposal of property, plant and equipment		781	420
Payment for plant and equipment	15	(7,035)	(6,135)
Net cash used in investing activities		(6,254)	(5,715)
Cash Flows From Financing Activities:			
Payment for shares issued for vesting rights		1	-
Proceeds from borrowings		2,485	4,626
Repayment of borrowings		(1,569)	(4,532)
Repayment of executive loans		-	724
Payment of finance lease liabilities		(2,865)	(1,412)
Share issue costs paid		-	(2)
Dividends paid to owners of the Company	25(d)	(873)	(2,114)
Net cash used in financing activities		(2,821)	(2,710)
Net increase/(decrease) in cash		9,271	(3,762)
Cash and cash equivalents at the beginning of the year		12,670	16,432
Cash and cash equivalents at the end of the year	11	21,941	12,670

¹The above Consolidated Statement of Cash Flows includes both continuing and discontinued operations. Amounts related to discontinued operations are disclosed in Note 18.2.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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 27.

NOTE 2 APPLICATION OF NEW AND REVISED STANDARDS

2.1 New and amended accounting standards adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 January 2018.

AASB 9 Financial Instruments and related amending Standards

In the current year, the Group has applied AASB 9 Financial Instruments which has come into effect 1 July 2018. AASB 9 simplifies the model for classifying and recognising financial instruments and introduces a new impairment model. The new impairment model is a move away from the previous incurred credit loss approach to the expected credit loss approach. Upon adoption of AASB 9, there were changes to the financial instrumentation and measurement practices. The effect of which, are presented throughout this report. The impact on initial application of AASB 9 is set out further below.

AASB 15 Revenue from Contracts with Customers and related amending Standards

In the current year, the Group has applied AASB 15 Revenue from Contracts with Customers (as amended in April 2016) which has come into effect 1 July 2018. Details of the new requirements of AASB 15 as well as the impact on the Group's consolidated financial statements are described below.

Impact on application of AASB 9 and AASB 15

The Group has applied AASB 15, 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 2018 \$'000	AASB 9 Transition Adjustments \$'000	AASB 15 Transition Adjustments \$'000	Opening Balance 1 July 2018 \$'000
Current trade and other receivables	106,224	(743)	(11,814)	93,667
Investments accounted using the equity method				-
Deferred tax asset	5,215	223	3,545	8,983
Total assets impact		(520)	(8,269)	
Net assets impact		(520)	(8,269)	
Accumulated losses	(65,243)	(520)	(8,269)	(74,032)
Total equity impact	(65,243)	(520)	(8,269)	(74,032)

Impact on the consolidated statement of profit and loss

Had AASB 15 Revenue from Contracts with Customers not been applied and the financial statements were still produced under previous guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and related interpretations, the financial report for the year ended 30 June 2019 would have been impacted as follows:

- the consolidated statement of financial position as at 30 June 2019 would be impacted by adding back \$8.9 million of transition adjustments to both net assets and equity; and
- the impact on all line items reported in the consolidated statement of profit or loss for the year to 30 June 2019 is shown above.

Accordingly there would be no additional material impact on the consolidated statement of financial position as at 30 June 2019 after adding back the transition adjustments noted above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2 APPLICATION OF NEW AND REVISED STANDARDS (CONTINUED)

2.2 New accounting standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. The Group is required to disclose known or reasonably estimable information relevant to assessing the possible impact that the application of the new accounting standards will have on the Group's consolidated financial statements.

a) AASB 16 Leases

AASB 16 Leases specifies how to recognise, measure and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise right-of-use assets and lease liabilities for almost all leases. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. AASB 16 applies to annual reporting periods beginning on or after 1 January 2019 and replaces AASB 117 Leases and the related interpretations.

BSA has assessed the impact that AASB 16 would have had on its consolidated financial statements on 30 June 2019 (including discontinued operations).

	Financial effect 30 June 2019 \$'000
New lease liabilities	\$4,650 to \$4,850
New right of use assets	\$4,700 to \$4,900

The net effect of the new lease liabilities and right of use assets, adjusted for deferred tax and the reversal of the existing straight line lease and incentive liability will be recognised against retained earnings. The impact predominantly relates to BSA's property leases for commercial premises, service facilities, and support offices. The actual impact of applying AASB 16 on the consolidated financial statements in the period of initial application will depend on future economic conditions, including BSA's borrowing rate at 1 July 2019, the composition of BSA's lease portfolio, the extent to which BSA elects to use practical expedients and recognition exemptions, and the new accounting policies, which are subject to change until BSA presents its first consolidated financial statements that include the date of initial application.

b) Other new accounting standards

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions; and
- AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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 20 August 2019.

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 117, 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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements, are recognised and measured in accordance with AASB 12 Income Taxes and AASB 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree, are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date (see note 3.12); and
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another AASB.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see 3.4 above) 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.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described at note 3.6 below.

3.6 Interests in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When it is necessary to recognise an impairment loss with respect to the Group's investment in an associate or a joint venture, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3.7 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.

3.7.1 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.

3.7.2 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.

3.7.3 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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7.4 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.

3.7.5 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.

3.7.6 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.

3.7.7 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.

3.7.8 Interest revenue is recognised on an accruals basis.

3.7.9 Dividend income is recognised when the dividend is declared.

3.8 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.

3.9 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9.1 The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see 3.10 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.10 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.

3.11 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.

3.12 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 29.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Taxation

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

3.13.1 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.

3.13.2 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

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.

3.13.3 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 recognized 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.

3.13.4 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 18. 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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 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.

Assets held under finance leases 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.

3.15 Intangible assets

3.15.1 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.

3.15.2 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 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.

3.17 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.

3.18 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.

3.18.1 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.

3.18.2 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.

3.19 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19.1 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.

Income is recognised on an effective interest basis for debt instruments.

3.19.2 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.

3.19.3 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.

3.20 Financial liabilities and equity instruments issued by the Group

3.20.1 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.

3.20.2 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.

3.20.3 Financial Liabilities

Financial liabilities are classified as 'other financial liabilities'.

3.20.4 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Derivative financial instruments

From time to time the Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps. Further details of derivative financial instruments are disclosed in note 32.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3.21.1 Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the Consolidated Statement of Profit or Loss and Other Comprehensive Income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3.22 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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 per 3.8. 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

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill at 30 June 2019 was \$11,185,000 (30 June 2018: \$15,185,000).

See note 16 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 FY2019 stands at \$1,843,000 (FY2018:3,421,000).

See note 23 for details.

NOTE 5 REVENUE

	Consolidated	
	2019	2018
	\$'000	\$'000
The following is an analysis of the Group's revenue from continuing operations		
BSA Connect	251,551	249,356
BSA Build	114,621	85,067
BSA Maintain	103,312	93,450
	469,484	427,873

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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

	Consolidated	
	Year Ended	
	2019	2018
	\$'000	\$'000
Profit/(Loss) for the year from continuing operations has been arrived at after charging/(crediting):		
6.1 Cost of sales	357,400	315,841
6.2 Depreciation and amortisation expense		
Depreciation of property, plant and equipment	5,515	4,619
Amortisation of intangible assets	674	674
Total depreciation and amortisation expense	6,189	5,293
6.3 Employee benefits expense		
Post employment benefits		
Superannuation	8,721	7,576
Share-based payments (see note 25)		
Equity-settled share-based payments	299	145
Termination benefits	1,408	1,973
Other employee benefits	43,996	49,626
Total employee benefits expense	54,424	59,320
6.4 Significant items		
Business reorganisation and restructure costs	9,128	3,970
nRAH completion and commissioning costs and settlement impact	61	784
Legal and professional fees relating to legacy issues	1,410	1,010
Total significant items	10,599	5,764

Significant items for FY2019 include \$7,781,000 associated with discontinued operations (FY18: \$3,571,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 7 INCOME TAXES

	Consolidated	
	2019	2018
	\$'000	\$'000
7.1 Income tax recognised in profit or loss		
Income tax expense		
Current tax expense	2,806	-
Deferred tax relating to the origination and reversal of temporary differences	1	909
	2,807	909
Income tax is attributable to:		
Profit from continuing operations (as reported in the consolidated statement of profit or loss)	4,033	4,465
Loss from discontinued operations	(1,226)	(3,556)
	2,807	909
The expense for the year can be reconciled to the accounting profit as follows:		
Profit from continuing operations, before tax	14,797	13,292
Loss from discontinued operations, before tax	(11,818)	(10,819)
Profit before income tax expense	2,979	2,473
Income tax expense calculated at 30%	894	742
Adjusted for:		
Other non-deductible items	1,394	124
	2,288	866
Adjustments recognised in the current year in relation to the current tax of prior years:		
Other	519	43
	519	43
Income tax expense	2,807	909

The tax rate used for the 2019 and 2018 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 7 INCOME TAXES (CONTINUED)

7.2 Deferred tax balances

2019	Opening balance	Recognised in profit or loss	AASB 9 / AASB 15 initial application	Closing balance
	\$'000	\$'000	\$'000	\$'000
Temporary differences				
Finance leases	188	(48)	-	140
Intangible assets	(522)	202	-	(320)
Employee benefits	3,649	495	-	4,144
Provisions (adjusted for AASB 15 and AASB 9)	1,040	(719)	3,545	3,866
Expected credit losses (adjusted for AASB 9)	771	158	223	1,152
Tax loss carried forward	89	(89)	-	-
	5,215	(1)	3,768	8,982

2018	Opening balance	Recognised in profit or loss	AASB 9 / AASB 15 initial application	Closing balance
	\$'000	\$'000	\$'000	\$'000
Temporary differences				
Finance leases	12	176	-	188
Intangible assets	(724)	202	-	(522)
Employee benefits	3,405	244	-	3,649
Provisions	1,890	(850)	-	1,040
Doubtful debts	543	228	-	771
Tax loss carried forward	998	(909)	-	89
	6,124	(909)	-	5,215

Deferred tax balances are presented in the consolidated statement of financial position as follows:

	2019	2018
	\$'000	\$'000
Deferred tax assets	8,982	5,215
Deferred tax liabilities	-	-
	8,982	5,215

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 7 INCOME TAXES (CONTINUED)

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 18. 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.

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:

	2019	Consolidated 2018
	\$	\$
Short-term employee benefits	1,635,286	2,241,820
Post-employment benefits	84,472	111,850
Other long-term benefits	16,438	19,260
Share-based payments	249,200	145,050
	1,985,396	2,517,980

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 17 to 24 of this Annual Report.

NOTE 9 AUDITOR'S REMUNERATION

	2019	Consolidated 2018
	\$	\$
Remuneration of the auditor of the Group for:		
- Audit and review of the Financial Report	386,060	353,390
- Taxation services	469,883	299,708
- Other non-audit services	55,000	17,250
	910,943	670,348

The auditor of BSA Limited is Deloitte Touche Tohmatsu.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 10 EARNINGS PER SHARE

	Consolidated	
	2019	2018
	\$'000	\$'000
(a) Profit/(loss) for the period attributable to shareholders of the parent entity used in earnings per share		
Continuing operations	10,764	8,827
Discontinued operations	(10,592)	(7,263)
	172	1,564
	Number	Number
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	426,587,199	422,933,082
Weighted average number of options/rights outstanding	2,050,196	1,607,509
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	428,637,395	424,540,591
	Cents	Cents
(c) Basic earnings per share		
Continuing operations	2.523	2.087
Discontinued operations	(2.483)	(1.717)
	0.040	0.370
(d) Diluted earnings per share		
Continuing operations	2.511	2.079
Discontinued operations	(2.471)	(1.711)
	0.040	0.368

(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 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11 CASH AND CASH EQUIVALENTS

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks.

	Consolidated	
	2019	2018
	\$'000	\$'000
Cash at bank and on hand	21,941	12,670
	21,941	12,670

NOTE 12 TRADE AND OTHER RECEIVABLES

		Consolidated	
	Note	2019	2018
		\$'000	\$'000
CURRENT			
Trade receivables		48,323	62,590
Expected credit losses		(1,705)	(1,180)
		46,618	61,410
Amounts due from customers under construction contracts		-	29,577
Executive Share Plan receivables	31(c)	294	332
Accrued revenue		10,303	13,470
Prepayments		1,748	1,435
		12,345	44,814
		58,963	106,224
NON-CURRENT			
Executive Share Plan receivables	31(c)	432	582
Other Receivables		-	364
		432	946

Trade receivables

Trade receivables disclosed above are measured at amortised cost.

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

Before accepting a new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 12 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

Consolidated

	2019			2018		
	Total	Amount Impaired	Amount Not Impaired	Total	Amount Impaired	Amount Not Impaired
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not past due	39,273	6	39,717	44,063	-	44,063
Past due [30] days	3,410	579	2,831	9,951	208	9,743
Past due [30-60] days	2,100	278	1,822	1,849	-	1,849
Past due [60-90] days	965	23	942	1,646	-	1,646
Past due [>90] days	2,575	819	1,756	5,081	972	4,109
Total	48,323	1,705	46,618	62,590	1,180	61,410

As at 30 June 2019, the Group had current trade receivables of \$1,705,000 (2018: \$1,180,000) that were impaired. The amounts relate to customers 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 and adjustments to incorporate the required expected credit losses model per AASB 9.

Analysis of Allowance Account

Consolidated

	2019	2018
	\$'000	\$'000
Opening Balance	1,180	1,138
Expected credit losses	559	76
Receivables written off during the year	(34)	(34)
Closing balance	1,705	1,180

NOTE 13 CONTRACT ASSETS AND LIABILITIES

	2019	2018
	\$'000	\$'000
Contract assets	12,835	-
Contract liabilities	(14,092)	-

For comparative amounts, refer to notes 12 and 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13 CONTRACT ASSETS AND LIABILITIES (CONTINUED)

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 Group has taken advantage of the practical expedient in paragraph 94 of AASB 15 to immediately expense the incremental costs of obtaining contracts where the amortisation period of the assets would have been one year or less.

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 2019 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:

	2019		2018	
	Contract assets \$'000	Contract liabilities \$'000	Contract assets \$'000	Contract liabilities \$'000
Opening balance	-	-	-	-
Effect of change in accounting policies	(11,814)	-	-	-
Reclassifications	56,252	(24,110)	-	-
As restated	44,438	(24,110)	-	-
Revenue recognised:				
performance obligations satisfied in the current year	213,143	9,204	-	-
adjustments to performance obligations satisfied in previous years	-	814	-	-
Cash received for performance obligations not yet satisfied	-	-	-	-
Amounts transferred to trade receivables	(244,746)	-	-	-
Closing balance	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	322,686

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

NOTE 14 INVENTORIES

	Consolidated	
	2019 \$'000	2018 \$'000
CURRENT		
Inventories of finished goods and work in progress at net realisable value	1,311	1,541
	1,311	1,541

The cost of inventories recognised as an expense includes \$642,000 (2018:\$589,000) in respect of write-down of inventory to net realisable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

	Consolidated							
	Land	Buildings	Leasehold	Plant &	Plant &	Make	Assets	
	\$'000	\$'000	Improvements	Equipment	Lease & Hire	Good	Under	Total
			\$'000	\$'000	Purchase	\$'000	Construction	\$'000
					\$'000		\$'000	\$'000
Cost								
Balance as at 30 June 2017	253	410	3,291	32,981	11,542	1,250	673	50,400
Additions	-	-	109	3,504	4,095	408	2,522	10,638
Disposals	-	-	-	(796)	(1,204)	(393)	-	(2,393)
Transfers *	-	-	2,508	-	-	-	(2,508)	-
Balance as at 30 June 2018	253	410	5,908	35,689	14,433	1,265	687	58,645
Additions	-	-	153	4,094	526	169	2,330	7,272
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	2,626	58,033
Accumulated depreciation and impairment								
Balance as at 30 June 2017	-	88	3,209	28,089	9,063	429	-	40,878
Additions	-	17	527	2,782	1,530	417	-	5,273
Disposals	-	-	-	(693)	(1,156)	(393)	-	(2,242)
Transfers *	-	-	-	-	-	-	-	-
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
Net Book Value as at 30 June 2019	253	289	1,649	7,393	3,618	509	2,626	16,337
Net Book Value as at 30 June 2018	253	305	2,172	5,511	4,996	812	687	14,736

* Transfers between categories

15.1 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
Plant and equipment under finance lease	3 - 5 years
Make good	Lease term

15.2 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 22).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 16 NON-CURRENT ASSETS - GOODWILL

\$'000	BSA Connect	BSA Build	BSA Maintain	Consolidated
Cost				
Closing carrying value				
2019	-	11,185	-	11,185
2018	-	15,185	-	15,185

The recoverable amount of each cash generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a three year period with the period extending beyond three years extrapolated using an estimated growth rate of 3.0% for **BSA | Build | Fire**. The cash flows are discounted using the weighted average cost of capital with mid-year discounting.

At 30 June 2019 the company has assessed both internal and external indicators of impairment, including completing the value-in-use models, and did not identify any indicators of impairment.

Due to the decision to divest **BSA | Build | HVAC**, \$4,000,000 of goodwill has been reclassified to Assets held for sale in FY2019.

The key assumptions used in the value-in-use calculations as at 30 June 2019 and 30 June 2018 were as follows:

- growth rate used to extrapolate cash flows beyond the forecast period: 3.0% for **BSA | Build | Fire** (2018: 3.0%);
- post-tax discount rate: 12.5% (2018: 12.5%); and
- divisional Revenue, EBIT, working capital adjustments and maintenance capital expenditure..

Impact of possible changes to the key assumptions

The key assumptions in the impairment model are the discount rate, terminal growth rate percentage and EBITDA margin percentage. Below is set out the assumptions used in the impairment model.

Key Assumptions	FY 2019
Discount rate %	12.5%
Terminal growth %	3.0%
EBITDA Margin %	6.1%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 17 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	Total \$'000
Cost		
Balance as at 30 June 2017	10,079	10,079
Acquisitions through business combinations	-	-
Balance at 30 June 2018	10,079	10,079
Acquisitions through business combinations	-	-
Balance at 30 June 2019	10,079	10,079
Accumulated amortisation and impairment		
Balance as at 30 June 2017	(7,665)	(7,665)
Amortisation expense	(674)	(674)
Balance at 30 June 2018	(8,339)	(8,339)
Amortisation expense	(674)	(674)
Balance at 30 June 2019	(9,013)	(9,013)
Net Book Value as at 30 June 2019	1,066	1,066
Net Book Value as at 30 June 2018	1,740	1,740

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 18 OTHER FINANCIAL ASSETS

(a) Shares in subsidiaries

Details of Group Companies

	Principal Activity	Place of incorporation	Percentage owned (%)	
			2019	2018
Parent Entity:				
BSA Limited		Australia	-	-
Ultimate Parent Entity:				
BSA Limited		Australia	-	-
Name of Subsidiary				
Mr Broadband Pty Limited	BSA Build	Australia	100%	100%
Allstaff Airconditioning Holdings Pty Limited	BSA Build	Australia	100%	100%
Allstaff Airconditioning (VIC) Pty Limited	BSA Build	Australia	100%	100%
Allstaff Airconditioning (NSW) Pty Limited	BSA Build	Australia	100%	100%
Allstaff Airconditioning (ACT) Pty Limited	BSA Maintain	Australia	100%	100%
Complex Airconditioning Pty Limited	BSA Maintain	Australia	100%	100%
ACN 085 921 615 Pty Ltd	BSA Connect	Australia	100%	100%
Satellite Receiving Systems (QLD) Pty Limited	BSA Connect	Australia	100%	100%
BSA Equity Plans Pty Limited (Formerly ACN 066 496 893 Pty Ltd)	BSA Connect	Australia	100%	100%
MEC Services Pty Limited	BSA Maintain	Australia	100%	100%
BSA Transmission Solutions Pty Limited	BSA Connect	Australia	100%	100%
066 059 809 Pty Limited	BSA Connect	Australia	100%	100%
Triple M Group Pty Limited	BSA Build	Australia	100%	100%
Triple M Mechanical Services Pty Limited	BSA Build	Australia	100%	100%
Triple M Mechanical Services (Qld) Pty Limited	BSA Build	Australia	100%	100%
Triple M Fire Pty Limited	BSA Build	Australia	100%	100%
Triple M Mechanical Services (Administration) Pty Limited	BSA Build	Australia	100%	100%
BSA Networks Pty Limited	BSA Connect	Australia	100%	100%
BurkeAir Pty Limited	BSA Maintain	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 Corporations (wholly owned companies) instrument 2016/785, 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

All the controlled entities are members of the Tax Consolidated Group under Australian Tax Law.

BSA Limited is the head entity within the Tax Consolidated Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 18 OTHER FINANCIAL ASSETS (CONTINUED)

18.1 Composition of the Group

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

Principal Activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2019	2018
BSA Connect	Australia	6	6
BSA Build	Australia	9	9
BSA Maintain	Australia	4	4
		19	19

18.2 Discontinued operations

BSA | Build | HVAC

The Group has decided to exit the **BSA | Build | HVAC** business. Consequently, the **BSA | Build | HVAC** business is classified as a discontinued operation. During the financial year, the following events have occurred:

- non-binding discussions with parties identified as having a potential interest in acquiring the **BSA | Build | HVAC** business were held;
- preparations for the formation of the disposal assets have occurred with detailed plans and indicative timetables established;
- advisory partners to the sale were engaged to help facilitate the disposal of the **BSA | Build | HVAC** business during the 2020 financial year; and
- an assessment of the fair value (less costs to sell) of the **BSA | Build | HVAC** operations was undertaken by the Directors.

Analysis of loss for the period from discontinued operations

	2019	2018
	\$'000	\$'000
BSA Build HVAC		
Revenue	100,817	134,499
Expenses	(112,602)	(145,277)
Loss before interest and tax	(11,785)	(10,778)
Net financing cost	(33)	(41)
Loss before tax	(11,818)	(10,819)
Income tax benefit	1,226	3,556
Loss for the period from discontinued operation	(10,592)	(7,263)

Cash flows from / (used in) discontinued operations

	2019	2018
	\$'000	\$'000
BSA Build HVAC		
Net cash inflow/(outflow) from operating activities	(7,129)	(10,994)
Net cash inflow/(outflow) from investing activities	(133)	(564)
Net cash inflow/(outflow) from financing activities	(33)	(41)
	(7,295)	(11,598)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 18 OTHER FINANCIAL ASSETS (CONTINUED)

Assets held for sale

BSA | Build | HVAC

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

	2019	2018
	\$'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	-

NOTE 19 DETAILS OF JOINT VENTURES

Details of the Group's joint ventures and joint operations at the end of the reporting period is as follows:

Name of Joint Venture/Operation	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting power held by the group	
			2019	2018
Triple M and Premier Fire JV Co Limited	Installation of fire services	Australia	50%	50%
BSAF Joint Operation	Installation of fire services	Australia	50%	50%

The Triple M and Premier Fire JV Co Limited incorporated joint venture was accounted for using the equity method in these consolidated financial statements. The BSAF Joint Operation was accounted for using the proportional consolidation method in these consolidated financial statements. Summarised financial information in respect of the Group's material joint ventures are set out below. The summarised financial information below represents amounts shown in the joint ventures financial statements prepared in accordance with AASBs (adjusted by the Group for equity accounting purposes).

Triple M and Premier Fire JV Co Limited	2019	2018
	\$'000	\$'000
Current Assets	603	681
Current Liabilities	(738)	(843)
Non-current liabilities	-	-

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	439	225
Current financial liabilities (excluding trade and other payables and provisions)	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 19 DETAILS OF JOINT VENTURES (CONTINUED)

Triple M and Premier Fire JV Co Limited	2019 \$'000	2018 \$'000
Revenue	321	4,161
Profit or loss from continuing operations	-	-
Profit/(loss) for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Dividends received from the joint venture during the year	(200)	(200)
The above profit/(loss) for the year include the following:		
Depreciation and amortisation	-	-
Interest income	-	-
Income tax expense (income)	51	86
Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:		

Triple M and Premier Fire JV Co Limited	2019 \$'000	2018 \$'000
Net assets of the joint venture	(135)	(162)
Proportion of the Group's ownership interest in the joint venture	50%	50%
Goodwill	-	-
Other adjustments	-	-
Carrying amount of the Group's interest in the joint venture	(67)	(81)

BSAF Joint Operation	2019 \$'000	2018 \$'000
Current Assets	16,509	1,974
Non-current assets	-	-
Current Liabilities	(14,512)	(1,634)
Non-current liabilities	-	-

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	8,141	2
Current financial liabilities (excluding trade and other payables and provisions)	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 19 DETAILS OF JOINT VENTURES (CONTINUED)

BSAF Joint Operation	2019 \$'000	2018 \$'000
Revenue	29,377	1,795
Profit or loss from continuing operations	3,856	142
Profit/(loss) for the year	3,856	142
Other comprehensive income for the year	-	-
Total comprehensive income for the year	3,856	142
Dividends received from the joint venture during the year	(1,000)	-

The above profit for the year include the following:

Depreciation and amortisation	-	-
Interest income	-	-
Interest expenses	-	-
Income tax expense (income)	-	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint operation recognised in the consolidated financial statements:

BSAF Joint Operation	2019 \$'000	2018 \$'000
Net assets of the joint operation	1,997	340
Proportion of the Group's ownership interest in the joint operation	50%	50%
Carrying amount of the Group's interest in the joint operation ¹	999	170

¹ Included in Assets held for sale in FY2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 20 PARENT ENTITY DISCLOSURES

	2019 \$'000	2018 \$'000
(a) Financial Position		
Assets		
Current assets	58,487	39,486
Non-current assets	35,618	43,625
Total assets	94,105	83,111
Liabilities		
Current liabilities	51,572	31,781
Non-current liabilities	6,599	4,375
Total liabilities	58,171	36,156
Net Assets	35,934	46,955
Equity		
Issued capital	98,894	97,562
Accumulated losses	(77,546)	(77,546)
Profit Reserve	12,718	25,371
Reserves		
Share-based payments reserve	1,868	1,568
Total equity	35,934	46,955
(b) Financial Performance		
(Loss) / Profit for the year	(10,539)	4,348
Other comprehensive (Loss) / income for the year, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Gain recognised on cash flow hedges	-	-
Total comprehensive (Loss) / income for the year, net of tax	(10,539)	4,348
(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 \$5,047,000 (2018: \$9,333,000) directly relating to the parent. Guarantees secured by cross guarantee by all group members amounted to \$38,409,000 (2018:\$41,242,000).		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 21 TRADE AND OTHER PAYABLES

	2019	2018
	\$'000	\$'000
Trade payables	32,808	37,573
Other payables	30,065	30,383
Amounts due to customers under construction contracts	-	24,110
Total Payables	62,873	92,066

NOTE 22 BORROWINGS

		2019	2018
	Note	\$'000	\$'000
CURRENT			
Secured liabilities at amortised cost:			
Hire purchase liabilities	(a), 26(iii)	480	714
Lease liabilities	(a), 26(ii)	607	626
Bank loans		-	-
Other		1,766	743
Total current borrowings		2,853	2,083
NON-CURRENT			
Secured liabilities at amortised cost:			
Hire purchase liabilities	(a), 26(iii)	936	1,158
Lease liabilities	(a), 26(ii)	1,884	2,463
Total non-current borrowings		2,820	3,621

The Group has Banking Facilities amounting to \$54,500,000 which have an expiry date of 31 December 2020 and Banking Facilities amounting to \$12,500,000 which have an expiry date of 31 July 2020.

The covenants within the bank borrowings have the following ratios as at 30 June 2019:

Quarterly interest cover ratio greater than 3.5 times.

Quarterly total leverage ratio less than 2.25 times.

Covenants on borrowings were met as at 30 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 22 BORROWINGS (CONTINUED)

	2019	Consolidated 2018
	\$'000	\$'000
Total assets pledged as security		
CURRENT		
Cash and cash equivalents	21,941	12,670
Trade and other receivables	71,798	106,224
Assets held for sale	17,414	-
Inventories	1,311	1,541
	112,464	120,435
NON-CURRENT		
Trade and other receivables	432	946
Investments in Joint Ventures	-	170
Property, plant & equipment	16,337	14,736
Deferred tax assets	8,982	5,215
Goodwill	11,185	15,185
Other intangible assets	1,066	1,740
	38,002	37,992
	150,466	158,427

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

Actual interest rates for hire purchase 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.

	1 July 2018	Financing cash flows	Non-cash changes New finance leases	30 June 2019
	\$'000	(i) \$'000	(note 28(b)) \$'000	\$'000
Hire purchase and finance lease liabilities	4,961	(2,865)	1,811	3,907
Other borrowings	743	916	107	1,766
	5,704	(1,949)	1,918	5,673

- (i) 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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 23 PROVISIONS

		2019	Consolidated 2018
	Note	\$'000	\$'000
Employee benefits	(i)	8,664	10,152
Other provisions (see below)		7,662	5,387
		16,326	15,539
CURRENT		11,730	12,058
NON-CURRENT		4,596	3,481
		16,326	15,539

Other Provisions	Office of State			Contract	Total
	Revenue (ii)	Make Good (iii)	Leases (iv)	Provisions (v)	
Balance at 1 Jul 2018	3,421	1,333	-	633	5,387
Additional provisions recognised	-	13	2,540	1,300	3,853
Provisions reversed	-	-	-	-	-
Paid	(1,578)	-	-	-	(1,578)
Balance at 30 June 2019	1,843	1,346	2,540	1,933	7,662

- (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 FY2019 stands at \$1,843,000 (FY2018: \$3,421,000).
- (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 relates to onerous leases.
- (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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 24 ISSUED CAPITAL

(a) Share capital

	Note	Parent Entity	
		2019 Number of Shares	2018 Number of Shares
Ordinary shares - fully paid	(c)	428,241,404	422,997,668

(b) Movements in ordinary share capital

Date	Details	Number of Shares	\$'000
1 July 2018	Opening Balance	422,997,668	97,562
27 July 2018	Exercise of Non-Executive Director Rights	257,838	87
21 September 2018	Exercise of Performance Rights	375,391	-
2 November 2018	Dividend Reinvestment Plan	4,610,507	1,245
30 June 2019	Balance	428,241,404	98,894

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 2019 no options were held over ordinary shares of the Company.

Share options granted under the Share Option Plan carry no rights to dividends and no voting rights. Further information relating to the BSA Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 29.

(e) Executive Securities Plan

The Company has established an Executive Securities Plan 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.

(f) 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.

(g) Employee Performance Rights Plan

Information relating to the BSA Limited Employee 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 29.

(h) Fee Sacrifice Equity Plan

Information relating to the BSA Limited Fee Sacrifice Equity 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 29.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 25 RESERVES AND ACCUMULATED LOSSES

	Consolidated	
	2019	2018
	\$'000	\$'000
(a) Reserves		
Share-based payments reserve	1,868	1,568
	1,868	1,568
Share-based payments reserve		
Opening balance	1,568	1,423
Rights expense	299	145
Shares issued in satisfaction of performance conditions	1	-
Closing balance	1,868	1,568
<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 29.</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	(65,243)	(65,243)
Opening balance adjustment AASB 15 application	(8,269)	-
Opening balance adjustment AASB 9 application	(520)	-
As restated	(74,032)	(65,243)
Net loss for the year	-	-
Balance at end of year	(74,032)	(65,243)
(c) Profit Reserve		
Movements in profit reserve were as follows:		
Balance at beginning of year	11,150	11,700
Net profit after tax for the year, continuing operations	10,764	8,827
Net loss after tax, discontinued operations	(10,592)	(7,263)
Dividends	(2,118)	(2,114)
Balance at end of year	9,204	11,150

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 25 RESERVES AND ACCUMULATED LOSSES (CONTINUED)

(d) Dividends on equity instruments

	Year 2019		Year 2018	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts				
Fully paid ordinary shares				
Interim dividend:	-	-	-	-
Final fully franked dividend of 0.5 (2018: 0.5) cents per fully paid ordinary share franked at the rate of 30% paid 2 November 2018	0.50	2,118	0.50	2,114
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend	0.50	2,141	0.50	2,115

On 20 August 2019 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 2019, to be paid to shareholders on 4 November 2019. 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 30 September 2019. The total estimated dividend to be paid is \$2,141,000.

The Group has a Dividend Reinvestment Plan (DRP) in place. The DRP was in place for the distribution made in November 2018. 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

	Consolidated	
	2019 \$'000	2018 \$'000
Franking account balance as at 30 June	14,558	15,464
Franking credits that will arise from the payment of income tax payable as at the reporting date	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.	(908)	(906)
Net franking credits available	13,905	14,558

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 26 CAPITAL AND LEASING COMMITMENTS

		Consolidated	
	Note	2019 \$'000	2018 \$'000
(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.			
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within one year		3,636	3,951
Later than one year but not later than five years		5,880	5,771
Later than five years		-	-
		9,516	9,722
(ii) Finance Lease Commitments			
The Group leases various plant and equipment with a carrying amount of \$2,886,000 (2018: \$3,718,000) under finance leases expiring within one to four years. Under the terms of the leases, the Group has the option to acquire the leased assets after paying the residual amount on expiry of the leases.			
Commitments in relation to finance leases are payable as follows:			
Within one year		730	725
Later than one year but not later than five years		2,108	2,729
Later than five years		-	-
Minimum lease payments		2,838	3,454
Less future finance charges		(347)	(365)
Total Lease Liability		2,491	3,089
Represented by:			
Current liability	22	607	626
Non-current liability	22	1,884	2,463
		2,491	3,089
(iii) Hire Purchase Commitments			
The Group has purchased various plant and equipment with a carrying amount of \$732,000 (2018: \$1,278,000) under hire purchase agreements expiring within one to four years. Under the terms of the agreements, the Group has the option to acquire the assets after paying the residual amount on expiry of the agreements.			
Commitments in relation to hire purchase agreements are payable as follows:			
Within one year		649	771
Later than one year but not later than five years		923	1,261
Later than five years		-	-
Minimum payments		1,572	2,032
Less future finance charges		(156)	(160)
Total Hire Purchase Liability		1,416	1,872
Represented by:			
Current liability	22	480	714
Non-current liability	22	936	1,158
		1,416	1,872

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 27 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 | Connect

BSA | Connect provides contracting services to the telecommunications, subscription television and communication industries. The contracting services include the delivery of bundled services over fixed line multi-technology services and networks and the installation of subscription television.

BSA | Build

BSA | Build provides the design and installation of building services for commercial and industrial buildings and infrastructure including: Mechanical and Fire services.

BSA | Maintain

BSA | Maintain provides the maintenance of building services for commercial and industrial buildings including: Mechanical Services, Air Conditioning, Heating and Ventilation, Refrigeration and Fire services.

(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	
	30 Jun 19	30 Jun 18	30 Jun 19	30 Jun 18
	\$'000	\$'000	\$'000	\$'000
Continuing operations				
BSA Connect	251,551	249,356	16,878	16,442
BSA Build	114,621	85,067	4,134	3,985
BSA Maintain	103,312	93,450	2,244	1,228
Other	295	243	11	24
	469,779	428,116	23,267	21,679
Corporate costs including acquisition, legal and advisory			(7,651)	(7,783)
Finance costs			(819)	(604)
Profit before tax from continuing operations			14,797	13,292

Segment revenue reported above represents revenue generated from external customers.

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 and Directors' salaries, investment income, gains and losses, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 27 SEGMENT INFORMATION (CONTINUED)

(d) Segment assets and liabilities

	Year Ended	
	30 Jun 19	30 Jun 18
	\$'000	\$'000
Segment assets		
BSA Connect	75,724	48,082
BSA Build	30,261	78,823
BSA Maintain	27,067	31,522
Consolidated assets	133,052	158,427
Segment liabilities		
BSA Connect	55,346	39,239
BSA Build	33,510	53,089
BSA Maintain	12,981	21,062
Consolidated liabilities	101,837	113,390

For the purposes of monitoring segment performance and allocating resources between segments.

All assets, except cash, are allocated to reportable segments. In 2019 and 2018, cash is allocated to **BSA | Connect**. Goodwill is allocated to reportable segments as described in note 16. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

All liabilities are allocated to reportable segments. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(e) Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	Year Ended		Year Ended	
	30 Jun 19	30 Jun 18	30 Jun 19	30 Jun 18
	\$'000	\$'000	\$'000	\$'000
Continuing operations				
BSA Connect	4,485	3,463	6,110	9,345
BSA Build	120	123	133	564
BSA Maintain	1,584	1,707	1,029	729
	6,189	5,293	7,272	10,638

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 27 SEGMENT INFORMATION (CONTINUED)

(f) Geographical information

The Group only operates in Australia.

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	Year ended		Year Ended	
	30 Jun 19	30 Jun 18	30 Jun 19	30 Jun 18
	\$'000	\$'000	\$'000	\$'000
Australia	469,779	428,116	38,002	37,992
	469,779	428,116	38,002	37,922

(g) 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 | Connect** segment who accounts for 28% of gross external revenue (2018: 24%).

NOTE 28 CASH FLOW INFORMATION FOR THE PERIOD

	Consolidated	
	2019	2018
	\$'000	\$'000
(a) Reconciliation of profit to net cash flows from operating activities for the year		
Profit for the year	172	1,564
Depreciation	5,515	5,273
Amortisation	674	674
Share-based payment expense	299	145
Net profit on sale of non-current assets	(307)	(269)
Change in operating assets and liabilities		
Decrease in trade receivables	6,976	512
Decrease in inventories	230	633
(Increase)/decrease in deferred tax asset	(3,767)	909
Decrease/(increase) in other operating assets	3,057	(7,115)
Decrease in trade payables	(4,766)	(4,198)
increase in other operating liabilities	6,669	7,369
Increase in tax provision	2,807	-
Increase/(decrease) in provisions	787	(834)
Net cash generated by operating activities	18,346	4,663

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 28 CASH FLOW INFORMATION FOR THE PERIOD (CONTINUED)

(b) Non-cash transactions

During the year the consolidated entity acquired plant and equipment with an aggregate value of \$848,000 (2018:\$4,095,000) by means of finance leases. These acquisitions are not reflected in the consolidated statement of cash flows.

	2019	Consolidated 2018
	\$'000	\$'000
(c) Credit Standby Arrangements with Banks		
Credit facility	20,000	20,000
Amount utilised	-	-
Unused credit facility	20,000	20,000

This facility is summarised as follows:

A Working Capital Facility which covers the financial requirements of the day to day operations of the Group.

(d) Credit Standby Arrangements with Banks		
Credit facility	12,500	12,500
Amount utilised	-	-
Unused credit facility	12,500	12,500

This facility is summarised as follows:

A Corporate Receivables Facility which covers the financial requirements of the day to day operations of the Group.

(e) Master Asset Finance Facilities		
Total asset finance facility	8,000	8,000
Amount utilised	(3,907)	(4,961)
Total unused Master Asset Finance Facility	4,093	3,039

Finance will be provided under the facility provided the Company and the consolidated entity has not breached any borrowing requirements and the required financial ratios are met. During the year, the Company and the consolidated entity have not breached any borrowing requirements.

(f) Loan Facilities		
Loan facilities	-	-
Amount utilised	-	-
Unused loan facility	-	-

(g) Guarantees

Guarantees to the value of \$18,440,000 were utilised at 30 June 2019 (2018: \$24,902,000), 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.

(h) Surety Bonds

Surety Bonds of which \$19,969,000 were utilised at 30 June 2019 (2018: \$16,341,000), are unsecured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 29 SHARE-BASED PAYMENTS

(a) Employee Option Plan

The establishment of the BSA Limited Employee Option Plan was approved by shareholders at the 2004 AGM. Staff eligible to participate are those who are full time or permanent part-time employees of any company in the Group, including an Executive Director and Non-Executive Director of the company and whom the Board of Directors has sole discretion to determine to be eligible to participate but does not include a person who has a relevant interest in greater than 5% of the issued ordinary share capital of the Company.

The exercise price and exercise period applicable to any options to be offered under the Option Plan will, at or before the time of issuing an invitation to eligible employees to subscribe for options, be determined by the Board in its absolute discretion.

Subject to any restrictions in the Listing Rules or the Corporations Act 2001, the Board may in its absolute discretion impose on the options such other terms as it considers appropriate.

As soon as practicable after receipt of a valid notice of exercise of an option together with the exercise price the Company will allot the appropriate number of ordinary shares. Any shares issued on the exercise of the options granted pursuant to the resolution will be officially quoted and will rank equally with all other shares on issue in the Company and all the rights and entitlements of the holders in respect of those shares will be identical to the rights and entitlements of the holders of the currently issued shares in the Company.

Options can only be exercised after three years if the employee remains in the employment of the Company and the option will then expire two years after this date. If the employee terminates their employment within the three years, the option is exercisable for twelve months from the date after termination. If the Company is subject to a takeover the option will vest and be exercisable for a period of three months.

Options may not be transferred, though prior to issue a nominee may be advised for consideration by the Board.

There were no options outstanding at 30 June 2019 (2018: Nil).

Fair value of options granted

There have been no options granted since 25 November 2004.

There is no employee benefits expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income (2018: Nil), which relates, to equity-settled share-based payment transactions under the Employee Option Plan.

(b) Employee Share Scheme

A scheme under which shares were issued by the Company to employees for no cash consideration was ratified by shareholders at the 2004 AGM. All permanent employees (including Executive Directors) who were continuously employed by the consolidated entity for a period of at least one year were eligible to participate in the scheme. Employees could elect not to participate in the scheme.

Under the scheme, eligible employees were offered \$1,000 worth of fully-paid ordinary shares in BSA Limited for the Year Ended 30 June 2004 for no cash consideration. The market value of shares issued under the scheme, measured as the weighted average market price on the day of issue of the shares, was recognised in the Consolidated Statement of Financial Position as share capital and as part of employee benefit cost.

Offers under the scheme are at the discretion of the Company. No offers were made during year the ended 30 June 2019 (2018: Nil).

Shares under the scheme may not be sold until the earlier of three years after issue or cessation of employment with the consolidated entity. In all other aspects the shares rank equally with other fully-paid ordinary shares on issue (see note 24 (c)).

The number of shares issued to participants in the scheme is the offered amount divided by the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the five trading days immediately before the date of the offer.

(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 their acceptance, and where appropriate their 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 29 SHARE-BASED PAYMENTS (CONTINUED)

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.

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	450,000	-	50,000	400,000
19 Jul 2007	n/a	0.63	850,000	-	250,000	600,000
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	-	-	400,000
10 Feb 2009	n/a	0.10	750,000	-	250,000	500,000
Total			2,600,000	-	550,000	2,050,000

(d) 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:

- (i) Service conditions as determined by the Board.
- (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 each Measurement Period and service condition of three years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 29 SHARE-BASED PAYMENTS (CONTINUED)

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.

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
25 Nov 14	30 Jun 15	25 Nov 19	-	1,116,667	-	-	-	1,116,667
29 Nov 16	6 Feb 17	29 Nov 21	-	-	-	-	-	-
29 Nov 16	1 Sep 17	29 Nov 21	-	200,000	-	(200,000)	-	-
28 Nov 17	4 Dec 17	4 Dec 22	-	142,857	-	-	-	142,857
4 Dec 17	4 Dec 17	4 Dec 22	-	175,391	-	(175,391)	-	-
1 Oct 18	1 Oct 18	1 Oct 23	-	-	553,301	-	-	553,301
1 Feb 19	1 Feb 19	1 Feb 24	-	-	380,000	-	-	380,000
1 Mar 19	1 Mar 19	1 Mar 24	-	-	175,440	-	-	175,440
Total				1,634,915	1,108,741	(375,391)	-	2,368,265

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 29 SHARE-BASED PAYMENTS (CONTINUED)

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.

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.

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
3 May 17	3 May 18	3 May 33	-	257,838	-	(257,838)	-	-
28 Mar 19	28 Mar 19	28 Mar 34	-	-	356,708	(356,708)	-	-
Total				257,838	356,708	(614,546)	-	-

NOTE 30 EVENTS OCCURRING AFTER THE BALANCE DATE

On 13 August 2019, BSA Limited agreed to sell its HVAC Build Major Projects Business in New South Wales and Victoria to Fredon Air Pty Limited (Fredon) for gross proceeds of \$5,500,000 (comprising cash of \$4,400,000 and \$1,100,000 of net liabilities transferred to Fredon). Under the agreement, BSA retained three near complete HVAC Build Major Projects and did not include the HVAC Build Minor Projects nor the Fire Build businesses. Economic ownership of the HVAC Build Major Projects transferred to Fredon effective 1 July 2019 although completion of the sale shall occur on 30 August 2019.

The sale to Fredon and the completion of the three retained HVAC Build Major Projects results in a complete exit from the HVAC Major Project construction market by BSA.

On 16 August 2019 the receivables finance facility with NAB (\$12,500,000) was extended to have an expiry date of 31 July 2020.

On 20 August 2019, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 31 RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties:

	Consolidated Entity	
	2019	2018
	\$	\$
Rent was paid to The Day Street Unit Trust in which M Lowe, a Director, has a beneficial interest	74,170	173,604

Outstanding balances arising from purchases of services

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

	Consolidated Entity	
	2019	2018
	\$	\$
Purchase of services		
Rent payable for premises from Director	14,875	14,875

(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.

2019	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
Nicholas Yates	1,259,524	-	-	-	1,259,524	-	1,259,524	-
Timothy Harris	375,391	175,440	(375,391)	-	175,440	-	-	-
Michael Givoni	207,838	251,708	(459,546)	-	-	-	-	251,708
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 31 RELATED PARTY TRANSACTIONS (CONTINUED)

2018	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
Nicholas Yates	1,116,667	142,857	-	-	1,259,524	-	1,259,524	142,857
Nicholas Benson	90,322	-	(90,322)	-	-	-	-	-
Timothy Harris	200,000	175,391	-	-	375,391	-	375,391	175,391
Michael Givoni	-	207,838	-	-	207,838	-	207,838	207,838
Graeme Barclay	-	50,000	-	-	50,000	-	50,000	50,000
	1,406,989	576,086	(90,322)	-	1,892,753	-	1,892,753	576,086

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

(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.

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					
Mark Lowe	10,115,403	-	-	10,115,403	-
Paul Teisseire	680,012	-	-	680,012	-
Michael Givoni	796,400	459,546	-	1,255,946	-
Graeme Barclay	-	155,000	-	155,000	-
Nicholas Yates	2,854,760	-	52,865	2,907,625	-
David Prescott ¹	-	-	-	-	-
Max Cowley ²	-	-	-	-	-
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	-

1. David Prescott is Investment Manager of Lanyon Asset Management Pty Ltd which holds 91,405,746 ordinary shares in BSA Limited.

2. Max Cowley is a nominee director of Birketu Pty Ltd and is also a director of Birketu Pty Ltd. Birketu Pty Ltd holds shares in BSA Limited of 72,000,000 (2018: 67,204,000). Max Cowley has no beneficial interest in Birketu Pty Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 31 RELATED PARTY TRANSACTIONS (CONTINUED)

2018	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					
Mark Lowe	10,115,403	-	-	10,115,403	-
Paul Teisseire	680,012	-	-	680,012	-
Michael Givoni	796,400	-	-	796,400	-
Graeme Barclay	-	-	-	-	-
Nicholas Yates	2,727,273	-	127,487	2,854,760	-
Ordinary Shares - Escrowed					
Mark Lowe	200,000	-	-	200,000	-
Key Management Personnel					
Ordinary Shares					
Nicholas Benson	1,363,636	-	90,322	1,453,958	-
Timothy Harris	-	-	-	-	-
	15,882,724	-	217,809	16,100,533	-

(c) Executive Securities Loans

	Opening Balance \$000	Balance at End of Year \$000	Notional Interest Charged \$000	Notional Interest Not Charged \$000	Provision for Impairment \$000	Number of Individuals
2019	914	726	7	-	28	6
2018	1,661	914	(13)	-	74	8
2017	1,734	1,661	1	-	74	11
2016	1,705	1,734	29	-	-	11
2015	1,473	1,705	232	-	-	11
2014	1,473	1,473	90	-	-	11
2013	1,477	1,473	90	-	-	11
2012	2,552	1,477	93	-	-	11
2011	2,656	2,552	44	-	-	13
2010	2,487	2,656	334	-	-	13
2009	2,437	2,487	171	-	-	13
2008	1,029	2,437	148	-	-	13
2007	833	1,029	63	-	-	6
2006	807	833	26	-	-	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 31 RELATED PARTY TRANSACTIONS (CONTINUED)

Individuals with loans above \$100,000 in reporting period

2019	Opening Balance	Notional Interest Charged Using Effective Interest Rate Method	Balance at End of Year	Highest Balance During Period
	\$	\$	\$	\$
Ray Larkin	220,507	1,737	222,244	222,244
Leaston Paull	220,507	1,737	222,244	222,244
Bryce Wood	186,770	1,473	-	186,770
Peter Tripodi *	142,500	-	142,500	142,500
Younis Tehfe	129,319	1,000	130,319	130,319

* Balance at year end stated at actual date to the terms of the loans

2018	Opening Balance	Notional Interest Charged Using Effective Interest Rate Method	Balance at End of Year	Highest Balance During Period
	\$	\$	\$	\$
Brendan Foley *	590,412	3,087	30,755	590,412
Ray Larkin	227,362	(6,855)	220,507	227,362
Leaston Paull	227,362	(6,855)	220,507	227,362
Bryce Wood	193,032	(6,262)	186,770	193,032
Peter Tripodi *	143,750	-	142,500	143,750
Younis Tehfe	135,453	(6,134)	129,319	135,453

* Balance at year end stated at actual date to the terms of the loans

The above current loans represent unsecured loans to purchase shares in BSA Limited which was passed at a meeting of members held on 12 December 2005. The shares were issued between 13 October 2006 and 10 February 2009 at values ranging from 10.0 cents per share to 68.0 cents per share. The loans are repayable on the termination of each individual from the Company and do not bear interest. These loans have been booked into the accounts at net present value on a rolling three year basis.

At the discretion of the Board, the above loan to Peter Tripodi was not repaid at the termination date. The outstanding principal is now due and receivable and actions to recover are under way.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 32 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	
	2019	2018
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	21,941	12,670
Loans and receivables		
Trade and other receivables	57,647	105,735
Financial Assets at amortised cost	79,588	118,405
Financial liabilities		
Financial liabilities held at amortised cost		
Trade and other payables	54,209	81,914
Borrowings	5,673	5,704
Financial liabilities at amortised cost	59,882	87,618

NOTE 33 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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 33 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 4% of gross monetary assets at balance date. Concentration of credit risk to any other counterparty did not exceed 7% of gross monetary assets at balance date.

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

	Consolidated	
	2019	2018
	\$'000	\$'000
Trade and other receivables	59,395	107,170
	59,395	107,170

Included in trade and other receivables, the most significant customer accounts for 16.5% of trade receivables at 30 June 2019 (2018: 6.6%).

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

	Consolidated	
	2019	2018
	\$'000	\$'000
Australia	59,395	107,170
	59,395	107,170

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

	Consolidated	
	2019	2018
	\$'000	\$'000
BSA Connect	31,278	29,408
BSA Build	6,811	51,204
BSA Maintain	21,306	26,558
	59,395	107,170

All major customers are credit worthy, as detailed above.

The Group has significant concentration of credit risk as all loans and lease liabilities are with the one financial institution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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.

Financing arrangements

The following financing facilities were available at balance date:

	2019	Consolidated 2018
	\$'000	\$'000
Credit stand-by arrangements		
Total facilities:		
Corporate Market Loan	20,000	20,000
Debtor Finance Facility	12,500	12,500
	32,500	32,500
Used at balance date:	-	-
Corporate Market Loan	-	-
Debtor Finance Facility	-	-
	-	-
Unused at balance date:		
Corporate Market Loan	20,000	20,000
Debtor Finance Facility	12,500	12,500
	32,500	32,500
Master Asset Finance Facility		
Total facilities:	8,000	8,000
Used at balance date	3,907	4,961
Unused at balance date	4,093	3,039
	-	-
Total unused Facilities at balance date	36,593	35,539

In addition to the above arrangements the consolidated entity has a bank guarantee facility of \$26,500,000 (2018: \$26,500,000) which was utilised to \$18,440,000 (2018: \$24,902,000).

In addition to the above facilities the consolidated entity has a surety bond facility with Swiss Re International SE of \$30,000,000 (2018: \$30,000,000) which was utilised to \$19,969,000 (2018: \$16,341,000).

Refer Note 22 (a) for details of terms of financing arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 33 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 consolidated 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.

Financial Liabilities	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	-	-	-
Finance lease and hire purchase liabilities	3,907	4,410	690	690	3,031	-
TOTAL	84,872	85,375	81,655	690	3,031	-

Financial Liabilities	Carrying Amount	Contractual Cash Flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
30 June 2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other	743	743	743	-	-	-
Trade payables	37,573	37,573	37,573	-	-	-
Other payables	70,032	70,032	70,032	-	-	-
Finance lease and hire purchase liabilities	4,961	5,486	748	748	3,990	-
TOTAL	113,309	113,834	109,096	748	3,990	-

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.

Financial Assets	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

Financial Assets	Carrying Amount	Contractual Cash Flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
30 June 2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	5,986	6,338	6,338	-	-	-
Other receivables	101,184	102,013	100,734	85	-	1,194
TOTAL	107,170	108,351	107,072	85	-	1,194

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market Risk

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

NOTE 34 CAPITAL AND LEASING COMMITMENTS

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 :

Gearing ratios	2019	Consolidated 2018
	\$'000	\$'000
Net (cash) / debt	(16,268)	(6,966)
Total equity	35,934	45,037
Total Gearing Ratio	(45.27%)	(15.47%)

Gearing levels were maintained at a healthy position at 30 June 2019. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 35 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 \$38,409,000 (2018:\$41,242,000)
- (ii) Following the settlement of the NSW OSR issue, BSA is currently working with other State Revenue Authorities on outstanding matters.

NOTE 36 CORPORATE INFORMATION

The Financial Report of BSA Limited for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 20 August 2019 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

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 consolidated financial statements are in compliance with International Financial Reporting Standards, as stated in note 3.1 to the consolidated financial statements;
- (c) In the Directors' opinion, the attached consolidated 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 Corporations (Wholly-owned Companies) Instrument 2016/785, dated 28 September 2016. 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 Corporations (Wholly-owned Companies) Instrument 2016/785 applies, as detailed in note 18 to the consolidated 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

20 August 2019



Deloitte Touche Tohmatsu
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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 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Key Audit Matters

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



Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><i>Recognition of revenue related to construction contracts</i></p> <p>Refer to Note 3.7.1 'Construction revenue', Note 4 'Critical accounting judgements and key sources of estimation uncertainty', Note 5 'Revenue', Note 18.2 'Discontinued Operations' and Note 27 'Segment Information'.</p> <p>The Group's primary source of revenue is from 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. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluating management's processes and controls over the recognition of contract revenue, including; <ul style="list-style-type: none"> - obtaining an understanding of the key controls in particular the estimation and review of costs to complete; and - the project reviews that are undertaken by Group management on a monthly basis. • Attending a sample of project review meetings to enhance our understanding of the Group's contracting processes, the consistency of their application, and to discuss directly with project management the key risks and opportunities in relation to a selection of individual contracts; • For a sample of contracts selected based on quantitative and qualitative characteristics our procedures included: <ul style="list-style-type: none"> - obtaining 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; - challenging the forecast costs to complete, as well as inspection of supporting documentation for contracted costs such as materials, subcontractors and labour; - testing on a sample basis contractual entitlement, variations and claims recognised in contract revenue; - for loss making contracts, recalculating the expected loss at completion and verifying that the appropriate loss was recorded; and - evaluating significant exposures to liquidated damages for late delivery of contract works. • Assessing the appropriateness of the disclosures in the consolidated financial statements.
<p><i>Collectability of trade receivables and contract assets</i></p> <p>Refer to Note 12 'Trade and other receivables', Note 13 'Contract assets and liabilities', Note 18.2 'Discontinued Operations' and Note 32 'Financial Instruments'</p> <p>The Group recognises contract in respect of the progressive valuation of work completed as well as trade receivables which represent amounts invoiced to customers.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluating management's processes and controls over the collectability of trade receivables and contract assets; • Assessing the completeness and accuracy of the aged debtor (including ageing analysis) and work in progress reports at year end, and on a sample basis where applicable, agreeing to the subsequent receipt of cash;



<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>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 trade receivable balances that were not collected prior to the issue of the financial statements, evaluating 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; • Testing on a sample basis that unbilled work in progress amounts at year end were subsequently billed to the customer; • 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 • Assessing the appropriateness of the disclosures in the consolidated financial statements.
<p><i>Litigation and claims</i></p> <p>Refer to Note 23 'Provisions' and Note 35 'Contingent Liabilities'.</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>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluating management's processes and controls to assess the likely financial impact of legal proceedings; • Obtaining the Group's litigation reports and making enquiries about the status of litigation matters with Group management and external legal advisors; • Reviewing 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; • Assessing management's determination of the provisions recorded for potential litigation losses and claims; and • Assessing the appropriateness of the disclosures in the consolidated financial statements.
<p><i>Discontinued Operations</i></p> <p>Refer to Note 18.2 'Discontinued Operations'.</p> <p>During the financial year, a decision was made to dispose the HVAC component of the Build division. This has consequently been classified as a discontinued operation for the year ended 30 June 2019.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Assessing the appropriateness of the accounting over the potential sale of the HVAC component of the Build division; • Assessing the appropriateness of the amounts classified as discontinued operations and the assets and liabilities associated with held for sale;



<p>Judgement is required in determining whether the transaction represents an asset held for sale as defined under accounting standard AASB 5 "Non-current Assets Held for Sale and Discontinued Operations".</p> <p>Additionally, accounting for assets and liabilities held for sale and presentation of discontinued operations contain several judgments that affects timing, presentation of the income statement and measurement of balance sheet items. These are complex and there are estimates required in determining the carrying value of the remaining assets and liabilities at 30 June 2019 and can affect:</p> <ul style="list-style-type: none"> • Reported EBITDA for the continuing operations and other key performance indicators; • Recoverability of inventory; • Impairment of intangible assets related to brands and goodwill; • Settlement of employee liabilities; • Accounting for property cost, including re-measurement of potential 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"> • Evaluating and challenging 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 contracts and lease agreements, and assessing the recorded amounts, as well as assessing the discount rate applied to the calculation of the onerous lease provision; • Agreeing the aggregate carrying value of the assets from the underlying accounting records in the consolidated financial statements; • Assessing the related deferred taxation balances in respect to assets and liabilities held for sale; and • Assessing the appropriateness of the impairment of the proportionately allocated goodwill in line with the treatment of the HVAC component of the Build division as a discontinued operation. <p>We also assessed the appropriateness of the disclosures included in the 18.2 to the consolidated financial statements.</p>
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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 2019, 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.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 17 to 26 of the Directors' Report for the year ended 30 June 2019.

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

Responsibilities

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

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "AG Collinson", with a stylized flourish underneath.

AG Collinson
Partner
Chartered Accountants
Sydney, 20 August 2019

SHAREHOLDER INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 31 JULY 2019

A. DISTRIBUTION OF EQUITY SECURITIES

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

	Number of Holders	Ordinary Shares	Number of Holders	Options	Number of Holders	Performance Rights
1 to 1,000	180	64,385	-	-	3	380,000
1,001 to 5,000	475	1,485,442	-	-	-	-
5,001 to 10,000	261	2,018,679	-	-	-	-
10,001 to 100,000	688	29,471,567	-	-	-	-
100,001 and above	215	395,558,039	-	-	3	1,988,285
	1,819	428,598,112	-	-	6	2,368,265

There were 221 (2018: 194) 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
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	110,727,006	25.83%
NATIONAL NOMINEES LIMITED	84,814,853	19.79%
BIRKETU PTY LTD	73,175,760	17.07%
SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	21,581,723	5.04%
HGT INVESTMENTS PTY LTD	14,870,544	3.47%
SAMLOWE PTY LTD <LOWE SUPER FUND A/C>	10,115,403	2.36%
MR GREG MULLANE	7,548,743	1.76%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,916,806	1.61%
FF OKRAM PTY LTD <FF OKRAM A/C>	6,132,908	1.43%
EMELWIN PTY LTD <N & E YATES SUPER FUND A/C>	2,907,625	0.68%
EDINGTON PTY LIMITED <HERRING SUPER FUND A/C>	1,769,376	0.41%
TALOOMBI PTY LTD	1,721,257	0.40%
CTS F PTY LTD <VC SUPERANNUATION FUND A/C>	1,675,945	0.39%
MISS YAN LI	1,495,000	0.35%
MR NICHOLAS JOHN BENSON	1,480,883	0.35%
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,260,949	0.29%
VANWARD INVESTMENTS LIMITED	1,194,807	0.28%
MR RICHARD EWAN BROMLEY MEWS	1,162,949	0.27%
MR GRAEME LESLIE HERRING + MRS JOAN HERRING	1,090,656	0.25%
MS SUE ELIZABETH MCGREGOR	1,000,000	0.23%
Top 20 Shareholders	352,643,193	82.28%

SHAREHOLDER INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 31 JULY 2019

C. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are set out below:

Ordinary Shares	Number Held	Percentage
THE TRUST COMPANY LIMITED <LAVF>	87,382,061	20.39%
NAOS ASSET MANAGEMENT LIMITED	83,730,628	19.54%
BIRKETU PTY LTD	73,175,760	17.07%
SANDHURST TRUSTEES LIMITED <WENTWORTH WILLIAMSON A/C>	21,581,723	5.04%

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) Option over an ordinary share

No voting rights.

(c) Rights over an ordinary share

No voting rights.

CORPORATE DIRECTORY

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BSA | Connect

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BSA | Maintain

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Auditor

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Banker

National Australia Bank

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