

CV Services Group Pty Ltd

and controlled entities

ACN 128 857 447

Financial Statements for the year ended 30 June 2020

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Directors' report

Your directors present their report on the CV Services Group Pty Ltd and its controlled entities ("Group") for the financial year ended 30 June 2020.

Directors

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

- Edward Phelan
- Andrew Hugh McMaster
- David Waldie

Operating results

The profit of the Group for the financial year after providing for income tax amounted to \$199,028 (2019 profit \$2,849,937).

Review of operations

A review of the operations of the Group during the financial year and the results of those operations found that the changes in market demand, competition and the effects of the Coronavirus (COVID-19) pandemic have seen a decrease in sales of 17.7% to \$122,248,596 (2019: \$148,558,195) (as per note 3 to the financial statements).

Significant changes in state of affairs

The impact of the COVID-19 is ongoing and while it has been financially negative in terms of revenue for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Principal activities

During the period the principal continuing activities of the consolidated entity constituted by CV Services Group Pty Ltd and the entities it controlled during the financial year consisted of building, electrical and associated services.

No significant change in the nature of these activities occurred during the year.

Events subsequent to the end of the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial years.

Future development, prospects and business strategies

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Dividends paid or declared

Dividends of \$785,090 (2019: \$1,646,487) were paid or declared by the Group during the 2020 financial year.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnifying officers or auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Group.

Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5 and forms part of this directors' report.

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



Andrew McMaster
Director

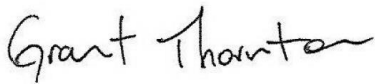
Dated this 11 November 2020

Auditor's Independence Declaration

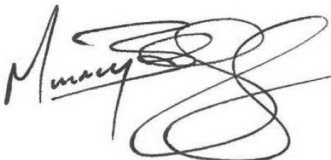
To the Directors of CV Services Group Pty Ltd

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of CV Services Group Pty Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M C Bragg
Partner – Audit & Assurance

Brisbane, 11 November 2020

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Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

		Consolidated Group	
	Note	2020	2019
		\$	\$
Revenue	2	122,248,596	148,558,195
Raw materials and consumables used	3	(55,853,481)	(76,542,898)
Employee benefits expense		(54,231,409)	(55,485,842)
Depreciation		(3,514,637)	(2,333,907)
Other expenses		(7,283,389)	(9,638,744)
Finance costs		(903,724)	(356,129)
Profit before income tax		461,956	4,200,675
Income tax expense	4	(262,928)	(1,350,738)
Profit for the year		199,028	2,849,937
Attributable to owners of the parent entity		193,049	2,843,115
Attributable to non-controlling interest		5,979	6,822
		199,028	2,849,937
Other comprehensive income:			
Other comprehensive income		--	--
Income tax relating to components of other comprehensive income		--	--
Other comprehensive income for the year, net of income tax		--	--
Total comprehensive income for the year		199,028	2,849,937
Attributable to owners of the parent entity		193,049	2,843,115
Attributable to non-controlling interest		5,979	6,822
		199,028	2,849,937

These financial statements should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2020

		Consolidated Group	
	Note	2020	2019
		\$	\$
Current assets			
Cash and cash equivalents	7	8,616,527	621,881
Trade and other receivables	8	14,301,183	22,763,899
Contract assets	9	6,296,870	3,831,283
Inventories	10	1,470,655	1,111,792
Other current assets	11	497,961	457,187
Total current assets		31,183,196	28,786,042
Non-current assets			
Property, plant and equipment	13	4,536,313	9,022,236
Right-of-use assets	14	9,447,916	--
Deferred tax assets	19	2,544,063	3,292,144
Intangible assets	15	11,779,242	11,767,096
Total non-current assets		28,307,534	24,081,476
Total assets		59,490,730	52,867,518
Current liabilities			
Trade and other payables	16	22,656,785	24,379,823
Contract liabilities	17	746,851	442,889
Financial liabilities	18	3,029,049	1,854,173
Current tax liabilities	19	417,924	1,112,243
Employee benefits	20	3,797,253	3,257,522
Total current liabilities		30,647,862	31,046,650
Non-current liabilities			
Financial liabilities	18	14,912,720	6,558,741
Deferred tax liabilities	19	185,809	688,520
Employee benefits	20	230,898	474,103
Total non-current liabilities		15,329,427	7,721,364
Total liabilities		45,977,289	38,768,014
Net assets		13,513,441	14,099,504
Equity			
Issued capital	21	8,868,599	8,868,599
Non- controlling interests		7,968	1,989
Retained earnings		4,636,874	5,228,916
Total equity		13,513,441	14,099,504

These financial statements should be read in conjunction with the accompanying notes.

Statements of changes in equity

For the year ended 30 June 2020

	Note	Share capital	Retained earnings	Non- Controlling Interests	Total
		\$	\$	\$	\$
Consolidated Group					
Balance at 1 July 2018		8,868,599	4,032,288	(4,833)	12,896,054
Profit for the year		--	2,843,115	6,822	2,849,937
Other comprehensive income for the year		--	--	--	--
Total comprehensive income for the year		--	2,843,115	6,822	2,849,937
Transactions with owners in their capacity as owners:					
Dividends paid or provided for	6	--	(1,646,487)	--	(1,646,487)
Sub-total		--	(1,646,487)	--	(1,646,487)
Balance at 30 June 2019		8,868,599	5,228,916	1,989	14,099,504
Balance at 1 July 2019		8,868,599	5,228,916	1,989	14,099,504
Profit for the year		--	193,049	5,979	199,028
Other comprehensive income for the year		--	--	--	--
Total comprehensive income for the year		--	193,049	5,979	199,028
Transactions with owners in their capacity as owners:					
Dividends paid or provided for	6	--	(785,090)	--	(785,090)
Sub-total		--	(785,090)	--	(785,090)
Balance at 30 June 2020		8,868,599	4,636,874	7,968	13,513,441

These financial statements should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June 2020

		Consolidated Group	
	Note	2020	2019
		\$	\$
Cash flows from operating activities			
Receipts from customers		142,909,879	162,638,100
Payments to suppliers and employees		(133,578,520)	(156,483,274)
Interest received		11,138	33,289
Finance costs		(903,724)	(356,129)
Income tax paid		(711,878)	(1,910,076)
Net cash provided by operating activities	24a	7,726,895	3,921,910
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		41,541	75,022
Purchase of property, plant and equipment		(1,443,030)	(2,079,998)
Payment for intangible assets		(12,146)	–
Payment for business combinations		–	(2,350,000)
Net cash (used in) investing activities		(1,413,635)	(4,354,976)
Cash flows from financing activities			
Dividends paid		(785,090)	(1,646,487)
Repayment of borrowings (including finance leases)		(1,265,351)	(2,495,416)
Proceeds from / (repayment of) borrowings		3,731,827	2,696,022
Net cash provided by /(used in) financing activities		1,681,386	(1,445,881)
Net change in cash and cash equivalents held		7,994,646	(1,878,947)
Cash and cash equivalents at beginning of financial year		621,881	2,500,828
Cash and cash equivalents at end of financial year	7	8,616,527	621,881

These financial statements should be read in conjunction with the accompanying notes.

Notes to the financial statements

1 Statement of significant accounting policies

The Directors have prepared the financial statements on the basis that the CV Services Group Pty Ltd is a non-reporting entity because there are no users dependent on a general purpose financial report. The financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Corporations Act 2001.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1054 'Australian Additional Disclosures'.

Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements cover CV Services Group Pty Ltd as an individual parent entity and CV Services Group Pty Ltd and its controlled entities as a consolidated entity ("Group"). CV Services Group Pty Ltd is a for profit company limited by shares, incorporated and domiciled in Australia.

Statement of compliance

The financial statements were authorised for issue by the directors on 11 November 2020.

Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

New and amended standards adopted by the Company

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

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

AASB 16 Leases

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption as at 1 July 2019 was as follows.

	1 July 2019 \$
Operating lease commitments as at 1 July 2019 (AASB 117)	8,448,151
Finance lease commitments as at 1 July 2019 (AASB 117)	4,950,503
Operating lease commitments discount base on the weighted average incremental borrowing rate of 5.84% (AASB 16)	(1,377,334)
Short-term leases not recognised as a right-of-use asset (AASB 16)	(61,367)
Accumulated depreciation as at 1 July 2019	(1,169,983)
Hire purchase Assets	3,780,520
Right-of-use Assets (AASB 16)	7,009,450
Lease liabilities – current (AASB 16)	(2,358,496)
Lease liabilities – non-current (AASB 16)	(9,601,456)
Total Lease Liabilities (AASB 16)	11,959,952

When adopting AASB 16 from 1 July 2019, the consolidated entity has applied the following practical expedients:

- Applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- Accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- Excluding any initial direct costs from the measurement of right-of-use assets;
- Using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- Not apply AASB 16 to contracts that were not previously identified as containing a lease.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

AASB 2020-2 Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities and AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

These standards are applicable to annual reporting periods beginning on or after 1 July 2021. AASB 2020-2 will prohibit certain for-profit entities from preparing special purpose financial statements and AASB 1060 provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. Given that the consolidated entity will be moving to general purpose financial statements in the future, there is likely to be increased disclosure for areas such as key management personnel, related parties, tax and financial instruments; and some disclosures will be removed. If the consolidated entity adopts the standards prior to the

mandatory application date it will be able to take advantage of certain special transitional disclosure relief relating to comparative information in the first year of adoption.

Significant accounting policies

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

a. Principles of Consolidation

A controlled entity is any entity that CV Services Group Pty Ltd has the power to control the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 12 to the financial statements. All controlled entities have a June financial year end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business combinations occur where an acquirer obtains control over one or more businesses.

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

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

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss.

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

Goodwill is carried at cost less accumulated impairment losses.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value ("full goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

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

b. Income Tax

The Group is not consolidated for income tax purposes and income tax and deferred tax are calculated on an individual entity basis.

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current and deferred income tax expense (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Unused tax losses and unused tax credits

Deferred tax assets are recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax

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

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date.

Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

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

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

c. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

d. Property, Plant and Equipment

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

Property, plant and equipment

Property, plant and equipment are measured at cost less depreciation and impairment losses.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a diminishing value over their useful lives to the Group commencing from the time the asset is held ready for use. Leased assets are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10-50%
Leased plant and equipment	10-37.5%
Land and Buildings	2%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss.

e. Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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

f. Leases (applicable for the comparative period 30 June 2019)

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

g. Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by the entities business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as term deposits that were previously classified as held-to-maturity under AASB 139.

Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the requirements included, loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

Classification and measurement of financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

h. Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. 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.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use. 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.

i. Right-of-use assets

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

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

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

j. Intangibles**Goodwill**

Goodwill is carried at cost less accumulated impairment losses.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value ("full goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

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

Business licences

Business licences are held at cost less any accumulated impairment losses. Business licence costs have an indefinite useful life and are tested for impairment on an annual basis.

k. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows.

l. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

m. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

n. Revenue

Revenue from contracts with customers

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

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

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Rendering of services

Services tend to be highly integrated and accordingly where appropriate will be accounted for as a single performance obligation. Performance obligations are fulfilled over time as the services are delivered, as the Group has a right of payment for services delivered to date together with the highly customised nature of the services provided. Consequently, the Group recognises revenue for these service contracts over time.

The Group measures revenue on the basis of the effort expended relative to the total expected effort to complete the service. The Group considers the terms of the contract, internal models and other services when estimating the project total cost. The total expected effort relative to effort to date is estimated by qualified professionals within the projects teams. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change.

Sale of goods

Revenue from the sale of goods for a fixed fee with no significant service obligation is recognised when or as the Group has transferred control of the assets to the customer.

Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government grants

Government grants relating to costs (such as JobKeeper payments) are deferred and recognised in profit or loss as other income over the period necessary to match them with the costs that they are intended to compensate.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

o. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare 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 of sale.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

p. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

q. Comparative Figures

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

r. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. 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.

Significant accounting judgement

In the process of applying Group accounting policies, management has made no judgements, apart from those involving estimations, which have had a significant effect on the financial statements.

Significant accounting estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of goodwill

The Group determines whether goodwill is impaired on at least an annual basis. This required an estimation of the recoverable amount of the cash generating units to which the goodwill is allocated. The assumptions used in the estimation of recoverable amount and the carrying amount of goodwill are discussed in Note 14.

Construction revenue, contract assets and contract liabilities

Assumptions are made in relation to contracts in progress at year end, and assessing the Group's progress towards satisfying the performance obligations over time. These assumptions are made by the project manager and senior management familiar with the status of the construction contracts.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses

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

Lease Term

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

Incremental borrowing rate

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

2 Revenue

	Note	2020	Consolidated Group 2019
		\$	\$
Operating activities			
Revenue from rendering of services		117,346,388	148,583,893
Interest received – other persons		11,138	33,289
JobKeeper received		4,477,712	–
Other revenue		413,358	(58,987)
Total Revenue		122,248,596	148,558,195

3 Result for the year

The result for the year has been arrived at after crediting / (charging) the following items:

	Note	2020	Consolidated Group 2019
Expenses		\$	\$
Cost of sales		55,853,481	76,542,898
Rental expense on operating leases			
- minimum lease payments		–	1,319,912
Depreciation expense			
- property, plant & equipment		659,204	2,333,907
- right-of-use assets		2,855,433	–
Finance costs		903,724	356,129
Gain on disposal of plant and equipment		12,764	27,025
Superannuation expense		3,868,809	3,795,903

4 Income Tax Expense

	Note	2020	Consolidated Group 2019
		\$	\$
a. The components of tax expense comprise:			
Current tax		(132,296)	2,072,561
Deferred tax	19(c)	397,224	(674,665)
Under / (over) provision in respect of prior years		(2,000)	(47,158)
		262,928	1,350,738

4 Income Tax Expense (continued)

	Note	2020	Consolidated Group 2019
		\$	\$
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit before income tax at 30% (2019: 30%)		138,587	1,260,202
Add:			
- tax losses not brought to account		70,831	--
- other		--	12,954
- other non-allowable items		55,510	124,740
Less:			
Tax effect of:			
- under-provision for income tax in prior years		(2,000)	(47,158)
Income tax expense		262,928	1,350,738
The applicable weighted average effective tax rate:		56.92%	32.16%

5 Auditors' Remuneration

	Note	2020	Consolidated Group 2019
		\$	\$
Remuneration of the auditor of the parent entity for:			
- auditing the financial statements		49,300	49,500
- other services		--	--
Total auditor's remuneration		49,300	49,500

6 Dividends

	Note	2020	Parent Entity 2019
		\$	\$
		Estimated	Actual
Dividends paid or declared during the period		785,090	1,646,487
The amount of the franking credits available for subsequent reporting periods are:			
- Balance at the end of the reporting period		2,713,364	100
- Franking credits that will arise from the payment of the amount of provision for income tax (parent entity only as not a tax consolidated group)		--	74,731
		2,713,364	74,831

7 Cash and Cash Equivalents

	Note	2020	Consolidated Group 2019
		\$	\$
Cash at bank and in hand		8,616,527	621,881
Total Cash and Cash Equivalents		8,616,527	621,881

Included in cash at bank is the amount of \$34,737 (2019: \$34,737) which is held as security for bank guarantees.

8 Trade and Other Receivables

	Note	2020	Consolidated Group 2019
		\$	\$
Current			
Trade receivables		14,526,914	22,992,252
Allowance for impairment of receivables		(370,007)	(384,760)
		14,156,907	22,607,492
Other receivables		144,276	156,407
Total current trade and other receivables		14,301,183	22,763,899

9 Contract Assets

	Note	2020	Consolidated Group 2019
		\$	\$
Current			
Contract assets		6,857,540	4,634,307
Allowance for impairment of contract assets		(560,670)	(803,024)
Total Contract Assets		6,296,870	3,831,283

10 Inventories

	Note	2020	Consolidated Group 2019
		\$	\$
Current			
At cost			
- Raw materials and stores		1,520,655	1,481,653
- Allowance for impairment of raw materials and stores		(50,000)	(369,861)
Total Inventories		1,470,655	1,111,792

11 Other Assets

	Note	Consolidated Group	
		2020	2019
		\$	\$
Current			
Prepayments		497,961	457,187
Total Other Assets		497,961	457,187

12 Controlled Entities

	Country of Incorporation	Included in Deed of Cross Guarantee	Percentage Owned (%)*	
			2020	2019
Controlled Entities Consolidated				
Subsidiaries of CV Services Group Pty Ltd:				
CVSG Signage Solutions Pty Ltd	Australia	No	100	100
CVSG Electrical Construction Pty Ltd	Australia	Yes	100	100
CVSG Asset Services Pty Ltd	Australia	Yes	100	100
CV Media and Design Pty Ltd	Australia	No	100	100
CV Energy Services Pty Ltd	Australia	Yes	100	100
CV Property Services Pty Ltd	Australia	No	100	100
CV Marine Pty Ltd	Australia	No	100	100
Tempus Projects Pty Ltd	Australia	No	80	80

* Percentage of voting power in proportion to ownership.

Deed of Cross Guarantee

Pursuant to ASIC Class Order 98/1418, relief was granted to the wholly owned controlled entities listed above from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' reports. It is a condition of the Class Order that the Company and each of the controlled entities enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debts in the event of winding up of any of the controlled entities under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event the company is wound up.

These consolidated financial statements cover only the parties to the Deed of Cross Guarantee and therefore the assets and liabilities for parties to the Deed of Cross Guarantee are disclosed below:

	2020	2019
	\$	\$
Entities party to the deed of cross guarantee:		
Assets		
Current assets	22,645,958	19,154,225
Non-current assets	36,099,691	31,810,862
Total assets	58,745,649	50,965,087
Liabilities		
Current liabilities	25,373,294	24,592,110
Non-current liabilities	14,150,011	6,061,654
Total liabilities	39,523,305	30,653,764
Equity		
Issued capital	14,518,899	12,518,899
Retained earnings	4,703,545	7,792,424
Total Equity	19,222,444	20,311,323

13 Property, Plant and Equipment

	Note	2020 \$	Consolidated Group 2019 \$
Plant and equipment			
At cost		8,359,685	8,968,482
Accumulated depreciation		(5,549,483)	(5,475,239)
Total plant and equipment		2,810,202	3,493,243
Leased plant and equipment			
At cost		--	11,263,427
Accumulated depreciation		--	(7,482,907)
Total leased plant and equipment		--	3,780,520
Land and Buildings			
At cost		1,820,133	1,796,869
Accumulated depreciation		(94,022)	(48,396)
Total land and buildings		1,726,111	1,748,473
Total property, plant and equipment		4,536,313	9,022,236

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Plant and Equipment \$	Leased Plant and Equipment \$	Land and Buildings \$	Total \$
Consolidated Group				
Balance at 1 July 2018	2,495,264	2,730,146	583,334	5,808,744
Additions	2,079,998	2,292,991	1,201,869	5,574,858
Disposals	(27,459)	--	--	(27,459)
Depreciation expense	(870,788)	(1,426,389)	(36,730)	(2,333,907)
Transfer between asset classes	(183,772)	183,772	--	--
Balance at 30 June 2019	3,493,243	3,780,520	1,748,473	9,022,236
Balance at 1 July 2019	3,493,243	3,780,520	1,748,473	9,022,236
Additions	369,798	1,049,968	23,264	1,443,030
Disposals	(28,776)	--	--	(28,776)
Depreciation expense	(613,578)	(1,735,126)	(45,626)	(2,394,330)
Transfer between asset classes	(410,485)	410,485	--	--
Transfer to right-of-use assets*	--	(3,505,847)	--	(3,505,847)
Balance at 30 June 2020	2,810,202	--	1,726,111	4,536,313

* The application of AASB16 has resulted in finance leased plant and equipment disclosed as right-of-use assets. See Note 14.

14 Right-of-use Assets

	Note	2020 \$	Consolidated Group 2019 \$
Land and Buildings			
At cost		6,450,481	--
Accumulated depreciation		(1,019,213)	--
Total Land and Buildings		5,431,268	--
Plant and equipment			
At cost		854,279	--
Accumulated depreciation		(343,478)	--
Total plant and equipment		510,801	--
Plant and equipment (transferred from property, plant & equipment)			
At cost		13,019,483	--
Accumulated depreciation		(9,513,636)	--
Total plant and equipment (transferred)		3,505,847	--
Total right-of-use assets		9,447,916	--

15 Intangible Assets

	Note	2020 \$	Consolidated Group 2019 \$
Goodwill			
Cost		19,266,583	16,937,121
Additions		--	2,329,462
Accumulated impairment losses		(7,683,962)	(7,683,962)
Net carrying value		11,582,621	11,582,621
Business licences			
Cost		184,475	184,475
Additions		12,146	--
Accumulated impairment losses		--	--
Net carrying value		196,621	184,475
Total		11,779,242	11,767,096

15 Intangible Assets (continued)

	Note	Consolidated Group	
		2020	2019
		\$	\$
Reconciliation of Goodwill			
Balance at the beginning of year		11,582,621	9,253,159
Additions		--	2,329,462
Impairment losses		--	--
Closing carrying value at the end of the year		11,582,621	11,582,621
Reconciliation of business licences			
Balance at the beginning of year		184,475	184,475
Additions		12,146	--
Impairment losses		--	--
Closing carrying value at the end of the year		196,621	184,475

Impairment Disclosures

Goodwill is allocated to cash-generating units which are based on the Group's operating divisions

	Consolidated Group	
	2020	2019
	\$	\$
CVSG Signage Solutions Pty Ltd	1,758,514	1,758,514
CVSG Electrical Construction Pty Ltd	2,985,612	2,985,612
CVSG Asset Services Pty Ltd	6,838,495	6,838,495
Total	11,582,621	11,582,621

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The cash flows are discounted using the pre-tax weighted average cost of capital for the business. The growth rates used range between 0% and 6.5% for future years (2019: 0% to 16%). The discount rate used was a pre-tax rate of 11.7% (2019: 10.69%).

Management has based the value-in-use calculations on budgets for each operating segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period which is consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular division.

16 Trade and Other Payables

	Note	2020	Consolidated Group 2019
		\$	\$
Current			
Trade payables and accrued expenses		22,656,785	24,379,823
Total trade and other payables		22,657,785	24,379,823

17 Contract liabilities

	Note	2020	Consolidated Group 2019
		\$	\$
Current			
Contract liabilities		746,851	442,889
Total Contract Liabilities		746,851	442,889

18 Financial Liabilities

	Note	2020	Consolidated Group 2019
		\$	\$
Current			
Bank overdraft secured		--	--
Lease liability – hire purchase		1,492,020	1,496,609
Lease liability – operating		1,179,465	--
Property loan		54,900	54,900
Market rate loan		302,664	302,664
Total current borrowings		3,029,049	1,854,173
Non-current			
Lease liability – hire purchase		3,107,950	3,453,894
Lease liability – operating		4,968,097	--
Market rate loan		5,744,672	1,971,670
Property loan		1,092,001	1,133,177
Total non-current borrowings		14,912,720	6,558,741
a. Total current and non-current secured liabilities:			
Market rate loan		6,047,336	2,274,334
Property loan		1,146,901	1,188,077
Lease liability – hire purchase	22	4,599,970	4,950,503
Lease liability – operating		6,147,562	--
Total financial liabilities		17,941,769	8,412,914

18 Financial Liabilities (continued)

Disclosure of total amount of available facilities and the undrawn amount

	Balance at 30 June 20	Limit
CBA – Corporate Overdraft Facility – Index rate of 7.68% less 2.5% plus 1.25% Line fee	--	5,000,000
Market Rate Loan – (3-year repayment term, at BBSY plus 2.85% Line fee)	2,047,336	2,274,334
Property Loan – (5-year repayment term, at BBSY plus 2.85% Line fee)	1,146,901	1,188,077
Market Rate Loan – (interest only facility with full repayment on 31 July 2021, at BBSY plus 2.85% Line fee)	4,000,000	4,000,000
Total Group Facility	7,194,237	12,462,411

CBA facility includes a Bank guarantee facility of \$5m (refer note 22).

Security for Financial Liabilities

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The Group's financiers have a first ranking registered general security interest over all of the present and after acquired property of each entity within the Group.

19 Taxation

	Note	2020 \$	Consolidated Group 2019 \$
Income tax payable		417,924	1,112,243
Total income tax payable		417,924	1,112,243
Non-current			
(a) Deferred tax assets			
- Provisions and accruals		2,392,209	3,292,144
- Tax Losses		151,854	--
Deferred tax assets		2,544,063	3,292,144
(b) Deferred tax liabilities			
- Accrued revenue		--	660,072
- Plant and equipment		185,809	28,448
Deferred tax liabilities		185,809	688,520

19 Taxation (continued)

	Statement of Financial Position		Statement of Comprehensive Income	
	2020	2019	2020	2019
	\$	\$	\$	\$
(c) Deferred tax movement				
Deferred tax assets				
- Provisions and accrued expenses	2,392,209	3,292,144	899,935	(635,284)
- Tax Losses	151,854	--	--	--
	2,544,063	3,292,144	899,935	(635,284)
Deferred tax liabilities				
- Accrued revenue	--	660,072	(670,072)	(21,899)
- Plant and equipment	185,809	28,448	157,361	(17,482)
	185,809	688,520	(502,711)	(39,381)
Deferred income tax expense			397,224	(674,665)

20 Employee Benefits

	Note	Consolidated Group	
		2020	2019
		\$	\$
Current			
Annual leave		3,103,850	2,926,227
Long service leave		693,403	331,295
Total current employee benefits		3,797,253	3,257,522
Non-current			
Long service leave		230,898	474,103
Total non-current employee benefits		230,898	474,103

The current portion of these liabilities represents CV Services Group Pty Ltd.'s obligations to which the employee has a current legal entitlement. These liabilities arise mainly from accrued annual leave entitlement at reporting date.

A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1.

21 Issued Capital

Note	Consolidated Group	
	2020	2019
	\$	\$
Balance at the start and end of the year	8,868,599	8,868,599
206,051 (2019: 206,051) fully paid ordinary shares	8,868,599	8,868,599

The company does not have a limited amount of authorised capital and issued shares do not have a par value.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

22 Capital and Leasing Commitments

Note	Consolidated Group	
	2020	2019
	\$	\$
a Finance Lease Commitments		
Payable — minimum lease payments		
- not later than 12 months	1,667,342	1,725,182
- between 12 months and five years	3,276,340	3,688,538
- greater than five years	--	--
	4,943,682	5,413,720
Less future finance charges	(343,712)	(463,217)
Present value of minimum lease payments	4,599,970	4,950,503
b Operating Lease Commitments		
Non-cancellable operating leases contracted for. Capitalised from 1 July 2019 in the financial statements.		
Payable — minimum lease payments		
- not later than 12 months	--	1,592,321
- between 12 months and five years	--	5,356,210
- greater than five years	--	1,499,620
Total operating lease commitments	--	8,448,151

Operating leases

Non-cancellable operating lease have an average implicit interest rate of 5.84% (2019: 8%). Assets that are the subject of operating leases include office premises and items of office equipment.

Finance leases

Hire purchases have an average initial lease term of 5 years and an average implicit interest rate of 10.6%. Hire purchases liabilities are effectively secured as the rights to the hire purchases assets revert to the lessor in the event of default.

23 Contingent Liabilities and Contingent Assets

The company has issued warranties on some of its contracts which may culminate into liabilities in the event of any abnormalities in the services rendered.

The Group has surety bonds totalling \$3,643,729 (2019: \$5,391,715) with Vero Insurance.

The Group has bank guarantees totalling \$4,603,263 (2019: \$3,641,721) with CBA.

24 Cash Flow Information

	Note	Consolidated Group 2020 \$	2019 \$
a Reconciliation of Cash Flow from Operations with Profit after Income Tax			
Profit after income tax		199,028	2,849,937
Non-cash flows in profit:			
- Depreciation and amortisation		3,514,637	2,333,907
- Net (gain) / loss on disposal of property, plant and equipment		(12,764)	(27,025)
Changes in assets and liabilities:			
- (Increase) in trade and term debtors		8,462,716	(748,215)
- (Increase) in contract assets		(2,465,586)	(3,831,283)
- Decrease /(increase) in inventories		(358,864)	5,477,816
- (Increase) in other assets		(40,774)	(8,923)
- (Decrease / increase in payables		(1,726,036)	(2,714,272)
- Increase in contract liabilities		303,962	442,889
- Increase / (decrease) in income taxes payable		(694,320)	115,327
- (Increase) in deferred tax assets		748,081	(635,284)
- (Decrease)/increase in employee benefits		296,526	706,417
- (Decrease) in deferred tax liability		(502,711)	(39,381)
Net cash provided by operating activities		7,726,895	3,921,910

25 CV Services Group Pty Ltd Parent Company Information

	Parent Entity	
	2020	2019
	\$	\$
Parent entity		
Assets		
Current assets	8,955,827	1,651,982
Non-current assets	24,211,581	16,632,565
Total assets	33,167,408	18,284,547
Liabilities		
Current liabilities	3,117,135	3,603,701
Non-current liabilities	12,663,603	3,826,629
Total liabilities	15,780,738	7,430,330
Equity		
Issued capital	8,868,599	8,868,599
Retained earnings	8,518,071	1,985,618
	17,386,670	10,854,217
Financial performance		
(Loss) / Profit for the year	7,317,518	(44,366)
Total comprehensive income	7,317,518	(44,366)

Guarantees in relation to the debts of subsidiaries

The parent entity is a party to the Deed of Cross Guarantee outlined in Note 12. No other guarantees have been provided to subsidiaries.

Contingent liabilities

There are no contingent liabilities at 30 June 2020.

Contractual Commitments

At 30 June 2020, CV Services Group Pty Ltd has entered into contractual arrangements for the acquisition of Nil property, plant and equipment (2019: \$Nil).

26 Events After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

27 Company Details

The registered office of the company is:
CV Services Group Pty Ltd
1/1454 Logan Road
MOUNT GRAVATT QLD 4122

The principal place of business is:
CV Services Group Pty Ltd
148 Hedley Avenue
Hendra, Brisbane, 4011

Directors' declaration

The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001:
 - a. comply with Accounting Standards to the extent disclosed in Note 1 and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the company and consolidated group; and
2. 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.
3. The company and certain wholly owned subsidiaries (refer to note 12) have entered into a deed of cross guarantee under which the company and its subsidiaries guarantee the debts of each other. At the date of this declaration, there are reasonable grounds to believe that the companies that are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of this deed.

This declaration is made in accordance with a resolution of the Board of Directors.

Director  _____

Andrew McMaster

Dated this 11 November 2020

Independent Auditor's Report

To the Members of CV Services Group Pty Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of CV Services Group Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- b complying with Australian Accounting Standards to the extent described in Note 1 and complying with 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of matter – basis of accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

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

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

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

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

Responsibilities of the Directors' for the financial report

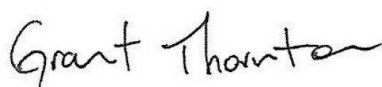
The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the Members. The Directors' responsibility also includes 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report



Grant Thornton Audit Pty Ltd
Chartered Accountants



M C Bragg
Partner – Audit & Assurance
Brisbane, 11 November 2020