

For personal use only

The GO2 People Ltd

ABN 45 616 199 896

Financial Statements - 30 June 2021

The GO2 People Ltd
Corporate directory
30 June 2021

Directors	Darren Cooper Robert Stockdale Tony Fitzpatrick	Independent Non-Executive Chairman Non-Executive Director Non-Executive Director
Company secretary	Peter Torre	
Registered office	Level 2, 182 St Georges's Terrace, Perth 6000 Phone: (08) 6151 9200	
Principal place of business	3/271 Berkshire Road, Forrestfield WA 6058 Phone: (08) 9376 2800 Fax: (08) 9376 2811	
Share register	Computershare Investor Services Pty Limited Level 11, 172 St George's Terrace PERTH WA 6000 Phone: 1300 557 010	
Auditor	William Buck Audit (Vic) Pty Ltd Level 20, 181 William Street MELBOURNE VIC 3000	
Stock exchange listing	The GO2 People Ltd shares are listed on the Australian Securities Exchange (ASX code: GO2)	
Website	www.thego2people.com.au	
Corporate Governance Statement	In accordance with ASX Listing Rule 4.10.3, the Company's Corporate Governance Statement can be found on its website at https://thego2people.com.au/investor-centre/ .	

The GO2 People Ltd

Directors' report

30 June 2021

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of The GO2 People Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors and Secretaries

The following persons were Directors of The Go2 People Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Abilio "Billy" Ferreira
Darren Cooper
Paul Goldfinch
Robert Stockdale
Tony Fitzpatrick

Managing Director (resigned 31 August 2021)
Independent Non-Executive Chairman
Executive Director (resigned 31 August 2021)
Non-executive Director (appointed 1 June 2021)
Non-executive Director (appointed 1 June 2021)

Peter Torre held the position of Company Secretary of The GO2 People Ltd at the end of the reporting period. Matthew Thomson held the Joint Company Secretary position during the year until his resignation on 7 May 2021.

Principal activities

The principal activities of the Group during the reporting period, were the provision of recruitment, and training services.

The Group's Recruitment division provides tailored workforce solutions to a range of industries with a client base that includes a number of national and multi-national blue-chip organisations across the construction, mining, and industrial sectors.

The Group's Training Division is a nationally Registered Training Organisation (RTO 40927), delivering workplace training and education courses.

The newly acquired Skill Hire business delivers a full suite of blue-collar employment services via its registered training organisation and its apprenticeship and traineeship recruitment and labour hire divisions. Skill Hire delivers both Government funded and fee-for-service workplace training and education in the form of pre-employment programs, traineeships and apprenticeships, and fee-for-service recruitment and labour hire services to a large client base in Western Australia and South Australia.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Group after providing for income tax amounted to \$2,689,000 (30 June 2020: \$1,851,000).

	Full year to 30 June 2021 \$'000	Full year to 30 June 2020 \$'000
Loss after tax for the year	(2,689)	(1,851)
Add back:		
Depreciation and finance costs	475	1,091
Non-cash option and rights expense	-	81
Earnings before income tax, depreciation and amortisation (EBITDA)	<u>(2,214)</u>	<u>(679)</u>
Add back/ (remove) one-off costs/(receipts):		
Redundancy and payroll costs	-	380
Impairment of building receivable	-	500
Transaction mandate	-	107
Loss from associates – noncore business	(16)	36
Settlement of legal claim	-	(307)
Provision for historical superannuation guarantee audit	863	-
One-off bad debt provisions for Skill Hire in June 2021	227	-
Acquisition costs	<u>165</u>	<u>-</u>
Normalised EBITDA	<u><u>(975)</u></u>	<u><u>37</u></u>

Mostly due to acquisitions completed in the year ended 30 June 2021, the net asset position of the Group has increased. The Group has access to over \$6,200,000 in cash, including \$5,000,000 held in a term deposit and \$1,200,000 cash at bank. The net assets of the Group have increased from negative equity of \$136,000 to positive \$4,332,000 at 30 June 2021, mostly attributable to the increase in intangibles arising from the acquisitions throughout the year.

Revenue was steady across the group with a focus on higher gross margin activities. Revenue in the year ended 30 June 2021 was \$29,680,000 compared to \$29,080,000 in the year ended 30 June 2020. Labour Hire services contributed \$27,150,000 in revenue in the year ended 30 June 2021 from \$27,130,000 in the prior year. Training services increased 4 fold from revenues of \$608,000 in the prior year to \$2,430,000 in the year ended 30 June 2021. The gross margin of the Group in the year ended 30 June 2021 improved from 12.6% of sales in the year ended 30 June 2020 to 14.8% in the current year. This trend is expected to continue with the focus on more profitable training services.

During the second half of the year ended 30 June 2021, the Group completed 2 acquisitions. In March 2021, the Group acquired Hunter Executive Search Consultants. Hunter contributed revenues of \$1,229,000 and profit after tax of \$298,000 from 12 March 2021 to 30 June 2021.

On 31 May 2021, the Group acquired Skill Hire Australia. Skill Hire contributed \$3,300,000 and a loss after tax of \$160,000 for the period from 1 June 2021 to 30 June 2021.

The operational integration of recent acquisitions has seen the Group consolidate operational premises in Perth. Further efficiencies and streamlining of the management and executive structures are expected to account for overhead savings in excess of \$2,000,000 annualised, in personnel costs.

Cashflows

Total cash at bank decreased by \$28,000 for the year. Operational cashflows were utilised to pay down the working capital facility with Scottish Pacific (BFS) Pty Ltd ("Scottish Pacific"). The facility with Scottish Pacific is used to provide ongoing working capital support to the Group, with significant payroll and on-costs being paid weekly, whilst debtor collections average 35 days. It is expected that as the debtor book grows in FY22 there will be an increase in the utilisation of this working capital facility. Under the terms of the facility the debts are assigned (not sold) to Scottish Pacific, and as such the facility is deemed a financing activity for the purposes of the cashflow statement.

Significant changes in the state of affairs

On 12 of March 2021 the Group acquired 100% of the ordinary shares in Hunter Executive Search Consultants Pty Ltd (Hunter). Hunter Executive Search Consultants is a recruitment company based in Perth that specialise in permanent and contract placements for the executive, engineering, resources and environment industries. The acquisition consideration consisted of an initial scrip consideration equivalent to \$900K, and a deferred scrip consideration which has its value determined by a multiple of 3 times the normalised net profit of Hunter on a standalone basis for the year ended 30 June 2021 which at the time of acquisition was estimated to be \$550,000 when multiplied by 3 equals \$1,650,000 resulting in an outstanding consideration of \$750,000.

On completion of the financial year the estimated normalised net profit of Hunter increased to \$1,207,000, increasing the fair value of this contingent consideration by \$457,000. This movement has been recognised in the profit or loss and other comprehensive income.

On 31 of May 2021 the Group acquired 100% of the ordinary shares in Skill Hire Australia Pty Ltd (Skill Hire). Skill Hire delivers a full suite of blue-collar employment services via its registered training organisation and its apprenticeship and traineeship recruitment and labour hire divisions. Skill Hire delivers both Government funded and fee-for-service workplace training and education in the form of pre-employment programs, traineeships and apprenticeships, and fee-for-service recruitment and labour hire services to a large client base in Western Australia and South Australia. The consideration transferred was:

- \$6.25 million cash at completion (31 May 2021)
- \$3.25 million cash deferred over 2 years
- 194.4 million GO2 shares valued on 31 May 2021 at \$0.032 per share

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

On 17 August 2021 the Australian Taxation Office (ATO) issued a statement to the Group which reports that there was an outstanding amount of \$862,851 owing to the ATO in respect to Superannuation Guarantee Charges and related charges emanating from an ATO superannuation audit for the 2015 to 2019 financial years. Due to certain payments being late, which in the main relates to 2015, the ATO has imposed charges to the relevant periods. The Group continues to liaise with the ATO in an attempt to have the charges remitted or to implement an alternate payment plan as a prepayment for future periods. This is an adjusting event and has been provided for in the accounts.

The Company is also undertaking its own internal review of the timing of superannuation payments from 2019 to date, to ensure there have been no other incidences of non-compliance which require reporting to the ATO.

On 31 August 2021 the Group announced the resignation of Billy Ferreira and Paul Goldfinch. Billy Ferreira resigned as Group Managing Director and Chief Executive Officer, with the resignation as Director effective immediately and his resignation as CEO effective 30 September 2021. Paul Goldfinch resigned as a non-executive Director effective immediately.

Shawn Murphy will be appointed as the Chief Executive Officer of the Group effective 1 October 2021. Shawn Murphy has been the CEO of Skill Hire since August 2020, and has worked in successful start-ups and scale-ups across the health, medical and human resources sectors.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Noting the uncertain impact of the continuing COVID-19 pandemic, the Group expects its operations to continue across the business. The closure of the WA borders is providing opportunities to provide services to clients and candidates to take up roles vacated by eastern states FIFO workers.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law. Despite this the Group has established procedures to assess and monitor compliance with any applicable environmental legislation

Information on Directors

Name:	Darren Cooper
Title:	Independent Non-Executive Chairman
Qualifications:	Bachelor of Business from Curtin University, a Masters of Applied Finance from Macquarie University, and is a graduate of the Australian Institute of Company Directors.
Experience and expertise:	Darren Cooper spent in excess of 20 years with various companies in management and senior executive roles, and has a Bachelor of Business from Curtin University, a Masters of Applied Finance from Macquarie University, and is a graduate of the Australian Institute of Company Directors
Other current directorships:	He is currently Managing Director of a private consulting business, Board Chair of Spectur Ltd (ASX:SP3), and a Non-Executive Director of Netccentric Ltd (ASX:NCL).
Former directorships (last 3 years):	nil
Interests in shares:	2,250,000
Interests in options:	750,000
Name:	Robert Stockdale (appointed 1 June 2021)
Title:	Non-Executive Director
Experience and expertise:	Rob has over 35 years of commercial experience in employment, recruitment, education and government service sectors. The past ten years he has held positions of Chairperson, Executive Chairperson, Non-executive director of Company's within the sector.
Other current directorships:	nil
Former directorships (last 3 years):	nil
Interests in shares:	48,279,371
Interests in options:	nil
Interests in rights:	nil
Name:	Tony Fitzpatrick (appointed 1 June 2021)
Title:	Non-executive Director
Qualifications:	Diploma of Auditing, Manage Risk and completed the Australian Institute of Company Directors Course.
Experience and expertise:	Tony Fitzpatrick has spent in excess of 30 years in the Employment and Training Industry with management and senior management roles in ASX listed, private and not for profit companies, State and Federal Government agencies. Tony is a Founding Shareholder and Director of Skill Hire being the designer of the integrated portfolio offering of Government Services, Recruitment, Training and Apprenticeships and Traineeships. Tony facilitated both Managing Director, Chief Executive Officer and Chairman roles while at Skill Hire.
Other current directorships:	Tony is Chairman and Director of the McGovern Foundation and is assisting in the development of several Aboriginal owned Small Businesses.
Former directorships (last 3 years):	Tony was Director of Learning Lifelines, a company assisting disadvantaged Youth access online training capability.
Interests in shares:	48,279,371
Interests in options:	nil

The GO2 People Ltd

Directors' report

30 June 2021

Name:	Abilio "Billy" Ferreira (resigned 31 August 2021)
Title:	Managing Director
Qualifications:	Billy has completed studies at Bachelor level in Psychology, Advanced Diploma level qualifications in Leadership and Management, Human Resources and Management and Business, Diploma level qualifications in Building and Construction and Certificate 4 level Training and Assessment. Billy is a graduate of the Company Directors' course at the Australian Institute of Company Directors.
Experience and expertise:	Billy is a proven senior manager and entrepreneur with a strategic, disciplined and practical approach.
	After completing 5 years in the Australian Military in 2000 and undertaking a leadership role in the UK with London's exclusive health club, Next Generation, Billy gained valuable experience in construction as the General Manager of a residential building business in 2005-6 in Adelaide, South Australia. From here, Billy became a part of the senior management group of the then privately owned, Australian Portable Buildings (APB), in Sydney, New South Wales.
	After a venture capital acquisition in 2007, Billy relocated to Perth, Western Australia and became an integral part of growing the business into a new territory. It was here that Billy was exposed, as a client, to the Labour Hire industry. Billy co-founded GO2 Recruitment in 2011 with Paul Goldfinch. Billy is a graduate of the company directors' course at the Australian Institute of Company Directors.
Other current directorships:	nil
Former directorships (last 3 years):	nil
Interests in shares:	28,427,976
Interests in options:	nil
Name:	Paul Goldfinch (resigned 31 August 2021)
Title:	Executive Director
Experience and expertise:	Paul is a proven senior executive with 15 years' experience in the recruitment industry, both in Australia and overseas. Paul co-founded GO2 Recruitment in 2011 with Billy Ferreira, prior to starting GO2, he held senior management and business development positions with national and international labour hire providers, during which time he has developed an intimate understanding of the sector
Other current directorships:	nil
Former directorships (last 3 years):	nil
Interests in shares:	27,609,301
Interests in options:	nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Matthew Thomson - Joint Company Secretary (to 7 May 2021)

Matthew joined the Company as Chief Financial Officer and Company Secretary in May 2017 and resigned in May 2021.

Having begun his career at Coopers & Lybrand (now PricewaterhouseCoopers) he has over 15 years' experience in senior financial and management accounting roles.

Mr Thomson has a Bachelor of Commerce, Accounting and Finance from the University of New South Wales and is a Chartered Accountant.

Peter Torre - Joint Company Secretary (to 7 May 2021) and Company Secretary (from 7 May 2021)

Peter Torre is the principal of the corporate advisory firm Torre Corporate which provides corporate secretarial services to a range of listed companies including The GO2 People. Prior to establishing Torre Corporate, Mr Torre was a partner and Chairman of the National Corporate Services Committee of an internationally affiliated firm of Chartered Accountants working within its corporate services division for over nine years. Mr. Torre is the company secretary of several ASX-listed companies, and previously, companies listed on the London and Toronto Stock Exchange.

He is a director of ASX listed Connexion Telematics Ltd, VEEM Ltd and Volt Power Group Ltd, and was previously a director of Mineral Commodities Ltd (resigning in September 2021)

Mr Torre holds a Bachelor of Business, is a Chartered Accountant, a Chartered Secretary and is a member of the Institute of Company Directors.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Full Board Attended	Full Board Held
Darren Cooper	13	13
Abilio "Billy" Ferreira	13	13
Paul Goldfinch	12	13
Robert Stockdale	2	2
Tony Fitzpatrick	2	2

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

Remuneration report (audited)

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

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

For the purposes of this Report, KMP of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent Company and include Executive and Non-Executive Directors.

Unless otherwise indicated, the following individuals were KMP for the entire financial period:

Name	Position held
Darren Cooper	Independent Non-Executive Chairman
Paul Goldfinch (resigned 31 August 2021)	Executive Director
Abilio "Billy" Ferreira (resigned 31 August 2021)	Managing Director
Robert Stockdale (appointed 1 June 2021)	Non-Executive Director
Tony Fitzpatrick (appointed 1 June 2021)	Non-Executive Director
Ross Lovell (employment ended 4 September 2021)	EGM Recruitment
Matthew Thomson (resigned 7 May 2021)	Chief Financial Officer and Joint Company Secretary
Peter Torre	Joint Company Secretary (to 7 May 2021) and Company Secretary (from 7 May 2021)
Shawn Murphy*	Chief Executive Officer of Skill Hire Australia Pty Ltd
Danny Warren (resigned 14 September 2021)*	Chief Financial Officer of Skill Hire Australia Pty Ltd

* employed by Skill Hire Australia Pty Ltd which was acquired by the Group on 31 May 2021.

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

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

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 the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

As the Company did not have a Nomination and Remuneration Committee during the year, the Board is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive Directors remuneration

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The Company's Constitution provides for the initial aggregate remunerations to be set at \$500,000.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

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

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

Any short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares may be awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the Group's direct competitors. The Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2021.

Group performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

Voting and comments made at the company's 26 November 2020 Annual General Meeting ('AGM')

At the 26 November 2020 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$				Total \$
2021							
<i>Non-Executive Directors:</i>							
Darren Cooper	75,000	-	-	7,125	-	-	82,125
Robert Stockdale ⁽ⁱ⁾	5,019	-	-	-	-	-	5,019
Tony Fitzpatrick ⁽ⁱ⁾	5,019	-	-	-	-	-	5,019
<i>Executive Directors:</i>							
Abilio Ferreira ⁽ⁱⁱ⁾	342,043	-	(1,062)	31,326	-	-	372,307
Paul Goldfinch ⁽ⁱⁱ⁾	223,459	-	-	-	-	-	223,459
<i>Other Key Management Personnel:</i>							
Ross Lovell ⁽ⁱⁱⁱ⁾	230,000	-	15,608	21,850	-	-	267,458
Matthew Thomson ^(iv)	184,252	-	(18,747)	16,461	-	-	181,966
Peter Torre ^(v)	39,000	-	-	-	-	-	39,000
Shawn Murphy ^(vi)	18,461	-	1,350	1,754	-	-	21,565
Danny Warren ^(vii)	12,425	-	4,340	1,175	-	-	17,940
	<u>1,134,678</u>	<u>-</u>	<u>1,489</u>	<u>79,691</u>	<u>-</u>	<u>-</u>	<u>1,215,858</u>

⁽ⁱ⁾ Robert Stockdale and Tony Fitzpatrick were appointed 1 June 2021.

⁽ⁱⁱ⁾ Abilio "Billy" Ferriera and Paul Goldfinch resigned effective 31 August 2021. Payments to Paul Goldfinch were made to PPG Consulting Pty Ltd, a company that Paul Goldfinch is a director of, for director fees (\$65,728) and consulting fees (\$157,731).

⁽ⁱⁱⁱ⁾ Ross Lovell ended employment effective 4 September 2021.

^(iv) Matthew Thomson resigned effective 7 May 2021.

^(v) Payments for corporate secretarial fees to Peter Torre were made to Torre Corporate, a corporate advisory firm of which Peter Torre is the principal.

^(vi) Shawn Murphy is employed by Skill Hire Australia Pty Ltd which was acquired by the Group on 31 May 2021.

^(vii) Danny Warren resigned effective 14 September 2021

Short term non-monetary benefits relate to provision for short term Annual Leave benefit as no person has qualified for any long service leave benefits.

2020	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$				Total \$
<i>Non-Executive Directors:</i>							
Darren Cooper	63,000	-	-	19,125	-	-	82,125
Andries Dique ⁽ⁱ⁾	20,075	-	-	-	-	-	20,075
<i>Executive Directors:</i>							
Abilio Ferreira	281,250	-	21,154	26,719	-	-	329,123
Paul Goldfinch ⁽ⁱⁱ⁾	153,981	-	(8,107)	5,481	-	-	151,355
<i>Other Key Management Personnel:</i>							
Ross Lovell	230,000	-	3,538	21,850	-	15,000	270,388
Christopher Streat ⁽ⁱⁱⁱ⁾	150,889	-	(17,222)	9,135	-	-	142,802
Peter Torre ^(iv)	39,000	-	-	-	-	-	39,000
Matthew Thomson	185,000	-	6,404	17,575	-	15,000	223,979
	1,123,195	-	5,767	99,885	-	30,000	1,258,847

(i) Andries Dique resigned 28 November 2019.

(ii) Payments were made to Paul Goldfinch, through salary and wages, director fees and through a consulting agreement. Paul Goldfinch was remunerated through an employment services contract for his role as Head of Investor Relations and Growth with an annual salary of \$219,000 (including benefits). This contract was terminated during September 2019. Upon appointment as a director on 14 October 2019 Paul was paid a director's fee in line with the agreed amount for NEDs.

(iii) Christopher Streat resigned 16 December 2019.

(iv) Payments for corporate secretarial fees to Peter Torre were made to Torre Corporate, a corporate advisory firm of which Peter Torre is the principal.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2021	2020	2021	2020	2021	2020
<i>Non-Executive Directors:</i>						
Darren Cooper	100%	100%	-	-	-	-
Robert Stockdale	100%	-	-	-	-	-
Tony Fitzpatrick	100%	-	-	-	-	-
<i>Executive Directors:</i>						
Abilio Ferreira	100%	100%	-	-	-	-
Paul Goldfinch	100%	85%	-	15%	-	-
<i>Other Key Management Personnel:</i>						
Ross Lovell	100%	100%	-	-	-	-
Matthew Thomson	100%	100%	-	-	-	-
Peter Torre	100%	100%	-	-	-	-
Shawn Murphy	100%	-	-	-	-	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Darren Cooper
Title:	Independent Non-Executive Chairman
Agreement commenced:	1 August 2017
Term of agreement:	Subject to the Company's constitutional rules on retirement and re-election of Directors.
Details:	Total remuneration of \$82,500 (inclusive of superannuation).
Name:	Abilio Ferreira (resigned 31 August 2021)
Title:	Managing Director
Agreement commenced:	1 June 2017
Term of agreement:	Subject to the Company's constitutional rules on retirement and re-election of Directors.
Details:	Three months' notice required to terminate. Total remuneration \$373,369 (inclusive of superannuation) plus provision of a Company owned vehicle.
Name:	Paul Goldfinch (resigned 31 Aug 2021)
Title:	Executive Director
Agreement commenced:	1 March 2020
Term of agreement:	One year term.
Details:	No fixed term subject to normal commercial conditions. Total remuneration is \$55,784 per annum.
Name:	Robert Stockdale
Title:	Non-executive Director
Agreement commenced:	1 June 2021
Term of agreement:	Subject to the Company's constitutional rules on retirement and re-election of Directors.
Details:	Total remuneration of \$62,225 per annum (inclusive of superannuation).
Name:	Tony Fitzpatrick
Title:	Non-executive Director
Agreement commenced:	1 June 2021
Term of agreement:	Subject to the Company's constitutional rules on retirement and re-election of Directors.
Details:	Total remuneration of \$62,225 per annum (inclusive of superannuation).
Name:	Matthew Thomson (resigned 7 May 2021)
Title:	CFO and Joint Company Secretary
Agreement commenced:	4 May 2017
Term of agreement:	No fixed term
Details:	Total remuneration \$202,575 (inclusive of superannuation) plus provision of a Company owned vehicle. 1-month notice required to terminate.
Name:	Peter Torre
Title:	Company Secretary
Agreement commenced:	30 June 2017
Term of agreement:	No fixed term
Details:	Total remuneration of \$39,000 per annum. 1 month notice required to terminate.
Name:	Ross Lovell
Title:	EGM Recruitment
Agreement commenced:	17 July 2017
Term of agreement:	No fixed term
Details:	Total remuneration \$251,850 (inclusive of superannuation) plus provision of a Company owned vehicle. 1 month notice required to terminate.

The GO2 People Ltd

Directors' report

30 June 2021

Name:	Shawn Murphy
Title:	Chief Executive Director for Skill Hire Australia Pty Ltd
Agreement commenced:	10 August 2020. Employed by Skill Hire Australia Pty Ltd which was acquired by the Group on 31 May 2021.
Term of agreement:	No fixed term.
Details:	Service agreement subject to normal commercial conditions, three months notice required to terminate. Total remuneration is \$262,800 per annum inclusive of superannuation and car allowance.
Name:	Danny Warren
Title:	Chief Financial Officer - Skill Hire Australia Pty Ltd
Agreement commenced:	3 March 2020 employed by Skill Hire Australia Pty Ltd which was acquired by the Group on 31 May 2021.
Term of agreement:	No fixed term.
Details:	Service agreement subject to normal commercial conditions, three month notice required to terminate Total remuneration is \$220,000 per annum (inclusive of superannuation).

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Options

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Performance rights

There were no performance rights over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2021.

There were no performance rights over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Additional information

The earnings of the Group for the five years to 30 June 2021 are summarised below:

	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
Sales revenue	29,683	29,084	46,622	45,075	34,830
EBITDA	(1,757)	(679)	(2,023)	(976)	(2,189)
EBIT	(1,930)	(1,509)	(2,496)	(1,257)	(2,371)
Loss after income tax	(2,689)	(1,851)	(3,588)	(1,345)	(2,964)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018	2017
Share price at financial year end (\$)	0.03	0.03	0.08	0.12	0.18
Basic earnings per share (cents per share)	(1.57)	(1.43)	(3.00)	(1.40)	(14.30)
Diluted earnings per share (cents per share)	(1.57)	(1.43)	(3.00)	(1.40)	(14.30)

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Disposals/ resignation/ other	Balance at the end of the year
		Additions		
Ordinary shares				
Darren Cooper	-	-	750,000	- 750,000
Darren Cooper - Cooper Retirement Pty Ltd (Cooper Retirement Fund)	1,000,000	-	500,000	- 1,500,000
Abilio Ferreira	27,887,976	-	-	- 27,887,976
Matthew Thomson	100,000	-	- (100,000)	-
Matthew Thomson - ThomKid Pty Ltd (Thomson Family Super)	785,000	-	- (785,000)	-
Ross Lovell	400,000	-	-	- 400,000
Ross Lovell - Ross & Nicola Lovell	134,554	-	-	- 134,554
Paul Goldfinch	27,527,730	-	-	- 27,527,730
Robert Stockdale - Asstock Pty Ltd ATF The Stock Trust	-	-	31,591,871	- 31,591,871
Robert Stockdale - R&L Stockdale Superfund	-	-	16,687,500	- 16,687,500
Tony Fitzpatrick - Shoreside Holdings Pty Ltd ATF The Fitzpatrick Family Trust	-	-	48,279,371	- 48,279,371
Shawn Murphy *	-	-	11,762,297	- 11,762,297
	57,835,260	-	109,571,039	(885,000) 166,521,299

* Shares held by Shawn Murphy are in escrow until 31 May 2022 (5,881,148 shares) and 31 May 2023 (5,881,149) respectively.

Option holding

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

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Darren Cooper	1,000,000	-	(250,000)	-	750,000
Abilio Ferreira	3,100,000	-	-	(3,100,000)	-
Matthew Thomson	662,500	-	-	(662,500)	-
Ross Lovell	483,639	-	-	(483,639)	-
Paul Goldfinch	3,100,000	-	-	(3,100,000)	-
	8,346,139	-	(250,000)	(7,346,139)	750,000

Performance rights holding

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

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Ross Lovell	1,000,000	-	-	(1,000,000)	-
Matthew Thomson*	1,000,000	-	-	(1,000,000)	-
	2,000,000	-	-	(2,000,000)	-

* Matthew Thomson resigned effective 7 May 2021.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of The GO2 People Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
18 December 2018	17 December 2021	\$0.300	1,750,000

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

Shares under performance rights

There were no unissued ordinary shares of The GO2 People Ltd under performance rights outstanding at the date of this report.

Shares issued on the exercise of options

The following ordinary shares of The GO2 People Ltd were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
29 November 2019	\$0.040	3,323,639

Shares issued on the exercise of performance rights

The following ordinary shares of The GO2 People Ltd were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Exercise price	Number of shares granted
26 November 2019	\$0.00	5,000,000

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liabilities insured and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

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

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

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

Auditor

The auditor continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Darren Cooper
Chairman

29 September 2021

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF THE GO2 PEOPLE LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136



A. A. Finnis

Director

Melbourne, 29 September 2021

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street

Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

The GO2 People Ltd

Contents

30 June 2021

Consolidated statement of profit or loss and other comprehensive income	19
Consolidated statement of financial position	20
Consolidated statement of changes in equity	21
Consolidated statement of cash flows	22
Notes to the consolidated financial statements	23
Directors' declaration	57
Independent auditor's report to the members of The GO2 People Ltd	58

General information

The financial statements cover The GO2 People Ltd as a Group consisting of The GO2 People Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is The GO2 People Ltd's functional and presentation currency.

The GO2 People Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 2, 182 St Georges's Terrace, Perth 6000
Phone: (08) 6151 9200

Principal place of business

3/271 Berkshire Road, Forrestfield WA 6058
Phone: (08) 9376 2800

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 September 2021. The Directors have the power to amend and reissue the financial statements.

The GO2 People Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated	
		2021 \$'000	2020 \$'000
Revenue	5	29,683	29,084
Cost of sales		(25,281)	(25,430)
Gross profit		4,402	3,654
Share of profits/(losses) of associates accounted for using the equity method	6	16	(36)
Other income		706	680
Expenses			
Employee benefits expense	7	(3,745)	(3,381)
Depreciation and amortisation expense		(475)	(749)
Selling and marketing expenses		(74)	(83)
Corporate and administration expenses		(1,897)	(1,594)
Superannuation guarantee charge provision expense	35	(863)	-
Loss before finance costs, movement in fair value of contingent consideration and income tax expense		(1,930)	(1,509)
Finance costs		(302)	(342)
Movement in fair value of contingent consideration	18,36	(457)	-
Loss before income tax expense		(2,689)	(1,851)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of The GO2 People Ltd		(2,689)	(1,851)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the owners of The GO2 People Ltd		(2,689)	(1,851)
		Cents	Cents
Basic loss per share	24	(1.57)	(1.43)
Diluted loss per share	24	(1.57)	(1.43)

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

The GO2 People Ltd
Consolidated statement of financial position
As at 30 June 2021

	Note	2021 \$'000	2020 \$'000	Consolidated
Assets				
Current assets				
Cash and cash equivalents		1,246	1,274	
Trade and other receivables	9	8,414	4,484	
Term deposits	10	5,131	157	
Prepayments and deposits		237	392	
		15,028	6,307	
Assets held for sale		-	79	
Total current assets		15,028	6,386	
Non-current assets				
Investments accounted for using the equity method		122	106	
Plant and equipment	11	1,302	95	
Right-of-use assets	12	1,937	473	
Intangibles and goodwill	13	11,954	482	
Loan to associates		54	49	
Total non-current assets		15,369	1,205	
Total assets		30,397	7,591	
Liabilities				
Current liabilities				
Trade and other payables	14	9,589	3,894	
Borrowings	16	3,083	3,138	
Lease liabilities	15	1,067	346	
Income tax payable		1,508	-	
Employee benefits	17	1,038	260	
Contingent consideration	18	1,207	-	
Contract liabilities	19	835	-	
Total current liabilities		18,327	7,638	
Non-current liabilities				
Lease liabilities	20	939	89	
Employee benefits	25	142	-	
Deferred consideration	26	3,250	-	
Trade and other payables	21	3,407	-	
Total non-current liabilities		7,738	89	
Total liabilities		26,065	7,727	
Net assets/(liabilities)		4,332	(136)	
Equity				
Issued capital	22	23,395	16,165	
Reserves	23	20	1,689	
Accumulated losses		(19,083)	(17,990)	
Total equity / (deficiency)		4,332	(136)	

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

The GO2 People Ltd
Consolidated statement of changes in equity
For the year ended 30 June 2021

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity / (deficiency) \$'000
Consolidated				
Balance at 1 July 2019	15,858	1,608	(16,112)	1,354
Adjustment for change in accounting policy	-	-	(27)	(27)
Balance at 1 July 2019 - restated	15,858	1,608	(16,139)	1,327
Loss after income tax expense for the year	-	-	(1,851)	(1,851)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(1,851)	(1,851)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 22)	307	-	-	307
Share-based payments	-	81	-	81
Balance at 30 June 2020	<u>16,165</u>	<u>1,689</u>	<u>(17,990)</u>	<u>(136)</u>
Consolidated				
Balance at 1 July 2020	16,165	1,689	(17,990)	(136)
Loss after income tax expense for the year	-	-	(2,689)	(2,689)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(2,689)	(2,689)
Transfer of expired options from reserve to retained earnings	-	(1,596)	1,596	-
<i>Transactions with owners in their capacity as owners:</i>				
Exercise of performance rights (net of share issue cost)	73	(73)	-	-
Exercise of options (net of share issue cost)	126	-	-	126
Shares issued for acquisition of Hunter (net of share issue cost)	895	-	-	895
Shares issued for acquisition of Skill Hire (net of share issue cost)	6,136	-	-	6,136
Balance at 30 June 2021	<u>23,395</u>	<u>20</u>	<u>(19,083)</u>	<u>4,332</u>

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

The GO2 People Ltd
Consolidated statement of cash flows
For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000	Consolidated
Cash flows from operating activities				
Receipts from customers (inclusive of GST)		32,549	33,945	
Payments to suppliers and employees (inclusive of GST)		(33,197)	(30,862)	
Finance cost paid		(280)	(342)	
Proceeds from grant income		641	273	
Net cash from/(used in) operating activities	30	(287)	3,014	
Cash flows from investing activities				
Payments for property, plant and equipment	11	(59)	(15)	
Granting of loan to associate		(6)	(42)	
Cash acquired on acquisition - Hunter	33	132	-	
Net cash acquired on acquisition - Skill Hire	33	615	-	
Proceeds from disposal of property, plant and equipment		-	156	
Net cash from investing activities		682	99	
Cash flows from financing activities				
Proceeds from issue of shares	22	-	399	
Proceeds from exercise of options	22	133	-	
Share issue transaction costs		(34)	(54)	
Repayment of borrowings		(55)	(2,766)	
Repayment of lease liabilities		(467)	(357)	
Net cash used in financing activities		(423)	(2,778)	
Net (decrease)/increase in cash and cash equivalents		(28)	335	
Cash and cash equivalents at the beginning of the financial year		1,274	939	
Cash and cash equivalents at the end of the financial year		1,246	1,274	

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

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The Group 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 adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Group has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, it has not had a material impact on the Group's financial statements.

Going concern

During the year, the Group generated a loss after tax of \$2,689,000 (30 June 2020: \$1,851,000), is reporting a net working capital deficiency of \$3,299,000 (30 June 2020: \$1,252,000), has incurred net cash outflows from operations of \$287,000 (30 June 2020 inflow of \$3,015,000). As at 30 June 2021, the Group had \$1,246,000 in cash (30 June 2020: \$1,274,000) and consolidated net asset of \$4,332,000 (30 June 2020: net asset deficiency of \$136,000).

To achieve the Group's objectives, ensure its continuing viability and its ability to continue as a going concern and to meet its debts and commitments as they fall due, the Board of Directors of the Group is continuing to pursue the following strategies:

- The Group expects to continue to keep expenditure to a minimum. The Group will continue to monitor operating costs to identify if further reductions need to be implemented. As such, the level of operating expenditure in FY22 is expected to be less than FY21.
- The newly acquired hunter Executive Search and Skill Hire Australia business are expected to provide positive inflows of cash and revenue.
- The Board believes it has the ability to raise additional capital, and will engage with interested parties and shareholders on capital raising efforts at the appropriate time;
- The Group continues to engage with its working capital providers who may be able to provide additional advances.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Note 1. Significant accounting policies (continued)

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 32.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of The GO2 People Ltd ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. The GO2 People Ltd and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: 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.

Note 1. Significant accounting policies (continued)

Rendering of services

Revenue from the provision of services is recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer received and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

If services rendered by the Group exceed the payment, a contract asset is recognised. If the payment exceeds the services rendered, a contract liability is recognised. If a contract includes an hourly fee charge out model, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Interest

Interest revenue 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.

Other revenue

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

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 1. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Note 1. Significant accounting policies (continued)

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years
Motor vehicles	4 years
Office equipment	1.5 - 5 years
Computer equipment	3 years
Minor equipment	3 - 7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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 Group 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 Group 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.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5-10 years.

Note 1. Significant accounting policies (continued)

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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 Group'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.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 1. Significant accounting policies (continued)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

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

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

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

Note 1. Significant accounting policies (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

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

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Note 1. Significant accounting policies (continued)

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

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Loss per share

Basic loss per share

Basic loss per share is calculated by dividing the profit attributable to the owners of The Go2 People Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Government grants

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

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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, 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.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

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.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. The contingent consideration at year end is measured based on the performance of Hunter and involved a level of estimation and is dependent on the normalised net profits of Hunter. Refer to note 33 and note 36.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Tax losses recognised

Deferred tax assets relating to 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. As at 30 June 2021 it has been determined that losses will not be brought to account as it is not probable that they will be recovered in the next 12 months.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Deferred consideration

The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The Group applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks, and ageing analysis for credit risk

Note 3. Financial instruments (continued)

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

Market risk

Interest rate risk

The Group's exposure to interest rate risk, which is the risk that the borrowings will fluctuate as a result of changes in the market interest rates. Where possible borrowings used for fixed asset purchases will be at a fixed interest rate providing certainty on future interest payments. The Group's trade debtor financing facility has an interest rate payable referenced to the Bank Bill Rate. The Group manages its interest exposure with respect to weekly drawdowns vs prevailing interest rates and the Groups' working capital position. This represents a significant cash-flow risk.

	Basis points increase		Basis points decrease	
	Effect on	Basis points change	Effect on	Basis points change
Consolidated - 2021	Effect on	Basis points change	Effect on	Basis points change
Trade debtor financing facility		50	(15)	50
<hr/>				
Consolidated - 2020	Effect on	Basis points change	Effect on	Basis points change
Trade debtor financing facility		50	(16)	50
<hr/>				

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The Group manages credit risk by trading only with recognised, credit-worthy third parties, along with a credit insurance policy to cover for potential insolvency of clients. Collateral is not requested nor is it the Group's policy to secure its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Risk limits are set for each customer and are regularly monitored. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is spread. There are no significant concentrations of credit risk within the Group.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

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

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 3. Financial instruments (continued)

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. The Group has a facility to finance its trade debtors effectively accelerating payment terms. A significant amount of costs is variable linked directly to revenue sources, if revenue falls then the operating costs also fall.

Remaining contractual maturities

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

	Weighted average interest rate %	1 year or less \$'000	More than 1 year \$'000	Remaining contractual maturities \$'000
Consolidated - 2021				
Non-derivatives				
<i>Non-interest bearing</i>				
Trade payables	-	9,589	-	9,589
<i>Interest-bearing - variable</i>				
Lease liability	5.25%	1,067	939	2,006
Borrowings	6.42%	3,083	-	3,083
Total non-derivatives		13,739	939	14,678

	Weighted average interest rate %	1 year or less \$'000	More than 1 year \$'000	Remaining contractual maturities \$'000
Consolidated - 2020				
Non-derivatives				
<i>Non-interest bearing</i>				
Trade payables	-	3,894	-	3,894
<i>Interest-bearing - variable</i>				
Lease liability	5.25%	346	89	435
Borrowings	6.42%	3,318	-	3,318
Total non-derivatives		7,558	89	7,647

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

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 4. Operating segments

Identification of reportable operating segments

In the prior year it was determined the Group would no longer focus on the activities performed by the building division. In addition, the Skills and Training business contributed approximately \$648,000 (2% of Group revenue) (FY2020: \$600,000 (2% of Group revenue)) which is insignificant to the Group. All of the revenues and assets are incurred and held in Australia.

The Directors and management have therefore determined that the Group operates in a single operating segment being the provision of labour hire, recruitment and training services in Australia.

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 5. Revenue

	Consolidated	
	2021 \$'000	2020 \$'000
Labour hire services	26,783	27,129
Building services	95	1,258
Training services	2,434	608
Other labour hire revenue	371	89
	<hr/>	<hr/>
	29,683	29,084
	<hr/>	<hr/>

Labour hire and training services provided over time
 Building services transferred over time

	Consolidated	
	2021 \$'000	2020 \$'000
Labour hire and training services provided over time	29,588	27,825
Building services transferred over time	95	1,258
	<hr/>	<hr/>
	29,683	29,083
	<hr/>	<hr/>

Note 6. Other income

	Consolidated	
	2021 \$'000	2020 \$'000
Net gain on disposal of property, plant and equipment	65	57
Government incentives	641	273
Settlement of legal claim	-	350
	<hr/>	<hr/>
Other income	706	680
	<hr/>	<hr/>

Prior year settlement of the legal claim relates to the Go2 Building debtor that was placed into administration and deficiencies in the services provided by the group's previous legal advisor, which left the company in an unsecured position when it expected to have security in the administration process. There is no such settlement in the current year.

Government incentives comprise the Jobkeeper subsidy of \$539,928 (30 June 2020: \$156,636) and ATO cashflow boost \$100,719 (30 June 2020: \$122,031)

Note 7. Employee benefits expense

	Consolidated	
	2021 \$'000	2020 \$'000
Wages and salaries	3,161	3,033
Superannuation expense	271	232
Other payroll costs	313	116
	<hr/>	<hr/>
	3,745	3,381
	<hr/>	<hr/>

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 8. Income tax expense

	Consolidated	
	2021	2020
	\$'000	\$'000
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(2,689)	(1,851)
Tax at the statutory tax rate of 30% (2020: 27.5%)	(807)	(509)
Current year tax losses not recognised	807	509
Income tax expense	<u>-</u>	<u>-</u>

	Consolidated	
	2021	2020
	\$'000	\$'000
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	4,704	2,472
Potential tax benefit @ 30%	1,411	742

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 9. Current assets - Trade and other receivables

	Consolidated	
	2021	2020
	\$'000	\$'000
Trade receivables	7,589	4,253
Contract assets	1,104	325
Less: Allowance for expected credit losses	<u>(380)</u>	<u>(136)</u>
	8,313	4,442
Other receivables	101	42
	<u>8,414</u>	<u>4,484</u>

Allowance for expected credit losses

The Group has recognised a loss of \$364,034 (30 June 2020: \$135,588) in the profit or loss in respect of the expected credit losses for the year ended 30 June 2021, increasing the allowance for expected credit losses from \$135,588 in the prior year to \$380,201 in the current year.

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 9. Current assets - Trade and other receivables (continued)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2021 %	2020 %	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
0-30 days	-	-	4,741	2,407	-	-
30-60 days	-	-	2,219	1,151	-	-
60-90 days	-	-	249	265	-	-
>90 days	100.0%	31.6%	380	430	380	136
Total			<u>7,589</u>	<u>4,253</u>	<u>380</u>	<u>136</u>

	Consolidated	
	2021 \$'000	2020 \$'000
Contract Assets		
Opening balance	325	300
Additions through business combination	874	-
Revenue recognised through satisfaction of performance obligation	1,864	1,613
Transferred to trade receivable following invoice to customers	(1,959)	(1,588)
Total	<u>1,104</u>	<u>325</u>

Note 10. Current assets - Term deposits

	Consolidated	
	2021 \$'000	2020 \$'000
Financial assets held at amortised cost	<u>5,131</u>	<u>157</u>

The amount above includes a term deposit of \$5 million, which was recognised as part of the Skill Hire Australia Pty Ltd acquisition on 31 May 2021. Refer to Note 33. As at 30 June 2021 the term deposit was part way through a six month term, yielding interest of 0.45% per annum on maturity.

The amounts above also includes term deposits to the value of \$74,058 (2020: \$156,843) for secure bank guarantees provided to support lease agreements for the Group's operations in Western Australia, Queensland and New South Wales.

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 11. Non-current assets - Plant and equipment

	Consolidated	
	2021 \$'000	2020 \$'000
Plant and equipment - at cost	667	169
Less: Accumulated depreciation	(174)	(169)
	<u>493</u>	<u>-</u>
Minor equipment - at cost	55	21
Less: Accumulated depreciation	(23)	(18)
	<u>32</u>	<u>3</u>
Motor vehicles - at cost	322	188
Less: Accumulated depreciation	(259)	(159)
	<u>63</u>	<u>29</u>
Computer equipment - at cost	500	119
Less: Accumulated depreciation	(30)	(118)
	<u>470</u>	<u>1</u>
Office equipment - at cost	568	341
Less: Accumulated depreciation	(324)	(279)
	<u>244</u>	<u>62</u>
Total Plant and equipment	<u>1,302</u>	<u>95</u>

Reconciliations

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

Consolidated	Plant & Equipment \$'000	Motor Vehicles \$'000	Office Equipment \$'000	Computers Equipment \$'000	Minor Equipment \$'000	Total \$'000
Balance at 1 July 2019	199	666	110	8	8	991
Additions	-	-	14	-	-	14
Disposals	(99)	-	-	-	-	(99)
Reclassification to Right of use Asset	-	(587)	-	-	-	(587)
Depreciation expense	<u>(100)</u>	<u>(50)</u>	<u>(62)</u>	<u>(7)</u>	<u>(5)</u>	<u>(224)</u>
Balance at 30 June 2020	-	29	62	1	3	95
Additions	27	-	15	14	3	59
Additions through business combinations (note 33)	471	-	222	468	30	1,191
Transfers in/(out)	-	74	-	-	-	74
Depreciation expense	<u>(5)</u>	<u>(40)</u>	<u>(55)</u>	<u>(13)</u>	<u>(4)</u>	<u>(117)</u>
Balance at 30 June 2021	<u>493</u>	<u>63</u>	<u>244</u>	<u>470</u>	<u>32</u>	<u>1,302</u>

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 12. Non-current assets - Right-of-use assets

	Consolidated	
	2021	2020
	\$'000	\$'000
Land and buildings - right-of-use	1,912	413
Less: Accumulated depreciation	(182)	(238)
	<hr/>	<hr/>
Motor vehicles - right-of-use	474	589
Less: Accumulated depreciation	(267)	(291)
	<hr/>	<hr/>
	1,937	473
	<hr/>	<hr/>

Right of use assets – land and buildings consist of the Group's rental leases for properties in Western Australia (remaining term 12 months, option to extend not included in the valuation), New South Wales (remaining term 5 months, no option to extend included in the valuation) and Queensland (remaining term 16 months, no option to extend included in the valuation). The Group has used a discount rate of 6% being the weighted average incremental borrowing rate.

The Group leases office equipment under specific agreements. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Reconciliations

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

Consolidated	Land and buildings \$'000	Motor vehicles \$'000	Total \$'000
Balance at 1 July 2019	351	-	351
Reclassification from Plant and equipment asset	-	587	587
Additions	62	-	62
Disposals	-	(180)	(180)
Depreciation	<hr/>	<hr/>	<hr/>
	(238)	(109)	(347)
Balance at 30 June 2020	175	298	473
Additions	456	-	456
Additions through business combinations (note 33)	1,361	118	1,479
Depreciation expense	(262)	(72)	(334)
Disposals	-	(63)	(63)
Transfer to Plant and equipment asset	<hr/>	<hr/>	<hr/>
	-	(74)	(74)
Balance at 30 June 2021	<hr/>	<hr/>	<hr/>
	1,730	207	1,937

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 13. Non-current assets - Intangibles and goodwill

	Consolidated	
	2021 \$'000	2020 \$'000
Goodwill - at cost	11,748	482
Intellectual property - at cost	1,088	71
Less: Accumulated amortisation	(882)	(71)
	206	-
	11,954	482

Reconciliations

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

Consolidated	Goodwill \$'000	Intellectual property \$'000	Total \$'000
Balance at 1 July 2019	482	71	553
Impairment of assets	-	(71)	(71)
Balance at 30 June 2020	482	-	482
Additions through business combinations (note 33)	11,266	216	11,482
Amortisation expense	-	(10)	(10)
Balance at 30 June 2021	11,748	206	11,954

The goodwill is attributable to the acquisition of the GO2 Skills and Training business, Hunter Executive Search Consultants and Skill Hire Australia Group. Refer to note 33 for more information.

For impairment testing purposes, the Group identifies its cash generating units (CGUs) as the smallest identifiable group of assets that generate cash inflows largely independent of the cash inflows of other assets or groups of assets.

The Group has identified two CGUs being:

- The recruitment and labour hire CGU; and
- The skills and training CGU.

Indefinite life intangible assets held by each CGU are as follows:

	Consolidated	
	2021 \$'000	2020 \$'000
Recruitment and labour hire	11,266	-
Skills and training	482	482
	11,748	482

Note 13. Non-current assets - Intangibles and goodwill (continued)

Indefinite life intangible assets in the Recruitment and labour hire CGU relates to goodwill created on the acquisition of the Hunter Executive Search and Skill Hire Australia Group business, which was completed during the year ended 30 June 2021.

Indefinite life intangible assets in the Skill and training CGU relates to goodwill created on the acquisition of the Go2 Skills and Training business, which was completed during the year ended 30 June 2019.

The Group completes an annual impairment test in accordance with AASB 136 for each CGU with indefinite life intangible assets or when an impairment trigger exists. Where the carrying amount of assets contained within the CGU exceeds its recoverable amount the assets contained within the CGU are considered impaired and written down to their recoverable amount. The Group considers its relationship between its market capitalisation and book value of equity, among other factors, when reviewing for indicators of impairment.

Based on the above, an impairment test was performed for the Recruitment and labour hire CGU and Skills and Training CGU during the year.

Impairment assessment for Recruitment and labour hire CGU.

The recoverable amount of the CGU is determined based on value in use. Value in use is calculated using a discounted cash flow model covering a five-year period with an appropriate terminal growth rate at the end of that period for each CGU. The model is based upon an estimated future five-year cash flow forecast, incorporating a base year 1 budget year, a four-year forecast period, and a terminal value calculation in the fifth year, with the following key input assumptions:

Key assumptions	30 June 2021
Growth rate over forecast period	5.0%
Terminal value growth rate	2.0%
Pre-tax discount rate	15.0%

The year one budget has been determined based on the combined revenue for the group following the acquisition of Hunter executive and Skill Hire Australia, which was based on historical performance for the year ended 30 June 2021 with an uplift of approximately 5%.

As at 30 June 2021, management has assessed the carrying value of assets and performed an impairment test on the Recruitment and labour hire CGU.

The key estimates and assumptions used to determine the recoverable amount of a CGU are based on management's current expectations after considering past experience and external information and are considered to be reasonably achievable.

- Revenue growth;
- Gross margin; and
- Discount rate

The Directors and management have considered and assessed reasonably possible changes for key assumptions in relation to the CGU and have not identified any reasonable instances that could cause the carrying amount to exceed its recoverable amount.

Impairment assessment for Skills and Training CGU.

The recoverable amount of the CGU is determined based on value in use. Value in use is calculated using a discounted cash flow model covering a five-year period with an appropriate terminal growth rate at the end of that period for each CGU. The model is based upon an estimated future five-year cash flow forecast, incorporating a base year 1 budget year, a four-year forecast period, and a terminal value calculation in the fifth year, with the following key input assumptions:

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 13. Non-current assets - Intangibles and goodwill (continued)

Key assumptions	30 June 2021
Growth rate over forecast period	5.0%
Terminal value growth rate	2.0%
Pre-tax discount rate	15.0%

As at 30 June 2021, management has assessed the carrying value of assets and performed an impairment test on the Skills and Training CGU.

The key estimates and assumptions used to determine the recoverable amount of a CGU are based on management's current expectations after considering past experience and external information and are considered to be reasonably achievable.

- Revenue growth;
- Gross margin; and
- Discount rate

The Directors and management have considered and assessed reasonably possible changes for key assumptions in relation to the CGU and have not identified any reasonable instances that could cause the carrying amount to exceed its recoverable amount.

Note 14. Current liabilities - Trade and other payables

	Consolidated	
	2021 \$'000	2020 \$'000
Trade payables	695	556
Payroll liabilities	3,572	1,430
Other payables	5,322	1,908
	<hr/>	<hr/>
	9,589	3,894
	<hr/>	<hr/>

Trade payables are non-interest bearing and are normally settled on 30-day terms.

Other payables predominantly relate to obligations with the Australian Tax Office for GST, which is not considered overdue.

On the 9th of November 2020 Skill Hire Australia entered into a payment plan with the Australian Tax Office in order to repay outstanding income tax balances of \$5,241,000. The payment plan required a monthly payment of \$87,000 with the last payment being on the 7th November 2025. This balance was acquired as part of the business combination in the year. \$1,048,000 has been recorded as current.

Payroll liabilities

	Consolidated	
	2021 \$'000	2020 \$'000
Superannuation liabilities	1,121	383
PAYG withholding	1,113	767
Accrued payroll	657	-
Payroll tax	574	280
Other payroll liabilities	107	-
	<hr/>	<hr/>
	3,572	1,430
	<hr/>	<hr/>

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 15. Current liabilities - Lease liabilities

	Consolidated	
	2021	2020
	\$'000	\$'000
Lease liability	1,067	346

Relates to the Group's rental leases for motor vehicles and properties in Western Australia, New South Wales and Queensland . For calculation of the lease liability the Group has used a discount based on the weighted average incremental borrowing rate of 6%.

Note 16. Current liabilities - Borrowings

	Consolidated	
	2021	2020
	\$'000	\$'000
Insurance premium funding (i)	110	122
Bank debt factoring (ii)	2,973	3,000
Other	-	16
	3,083	3,138

Refer to note 3 for further information on financial instruments.

(i) Relates to the Group's insurance premium funding facility, an interest rate of 3.2% per annum is charged on the initial facility balance. Repayable over 10 months.

(ii) Collateral over the Group's trade receivables. Effective interest of 6.42% per annum. Repayable on collection of the receivables funded and drawn again to fund new receivables. The facility limit amounted to \$15,000,000 and unused facility as at reporting date was \$12,026,661.

Note 17. Current liabilities - Employee benefits

	Consolidated	
	2021	2020
	\$'000	\$'000
Annual leave	942	203
Long service leave	96	57
	1,038	260

Note 18. Current liabilities - Contingent consideration

	Consolidated	
	2021	2020
	\$'000	\$'000
Contingent consideration - Hunter	750	-
Contingent consideration - adjustment to fair value post Hunter acquisition	457	-
	1,207	-

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 18. Current liabilities - Contingent consideration (continued)

Contingent consideration

The Group has agreed to pay the selling shareholders three times the normalised net profit of Hunter for financial year ended 30 June 2021 less the initial purchase consideration of \$900,000. Management calculated the likely result for Hunter which was estimated on acquisition date to be a \$550,000 normalised net profit, when multiplied by three would equal \$1,650,000 resulting in an outstanding consideration of \$750,000. This liability was recorded on the acquisition date of the business.

On completion of the financial year the normalised net profit of Hunter for the year ended 30 June 2021 was \$702,333 meaning that the total acquisition value has increased to \$2,107,000 and the fair value of the contingent consideration has increased to \$1,207,000, increasing the fair value of this contingent consideration by \$457,000. This movement has been recognised in the profit or loss and other comprehensive income in accordance with the requirements of AASB 3 – *Business Combinations*.

Refer to note 33 and note 36 for further information.

Note 19. Current liabilities - Contract liabilities

	Consolidated	
	2021	2020
	\$'000	\$'000
Contract liabilities	835	-
	<hr/>	<hr/>
	Consolidated	
	2021	2020
	\$'000	\$'000
Additions through business combination	1,147	-
Receipt of cash	(690)	-
Revenue earnt upon satisfaction of performance obligation	378	-
	<hr/>	<hr/>
	835	-
	<hr/>	<hr/>

The contract liabilities mainly relate to Skill Hire WA Pty Ltd.

Note 20. Non-current liabilities - Lease liabilities

	Consolidated	
	2021	2020
	\$'000	\$'000
Lease liability	939	89
	<hr/>	<hr/>

Relates to the non-current portion of the Group's rental leases for motor vehicles and properties in Western Australia, New South Wales and Queensland. For calculation of the lease liability the Group has used a discount based on the weighted average incremental borrowing rate of 6%.

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 21. Non-current liabilities - Trade and other payables

	Consolidated	
	2021	2020
	\$'000	\$'000
Other payables - Tax liabilities	3,407	-

On the 9th of November 2020 Skill Hire Australia Pty Ltd entered into a payment plan with the Australian Tax Office in order to repay outstanding income tax balances of \$5,240,956. The payment plan required a monthly payment of \$87,350 with the last payment being on 7 November 2025. This balance represents the non-current portion of the liability.

Note 22. Equity - Issued capital

	Consolidated			
	2021	2020	2021	2020
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>370,879,350</u>	<u>142,689,618</u>	<u>23,395</u>	<u>16,165</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2019	117,964,583		15,858
Rights issue December 2019	31 December 2019	18,050,985	\$0.016	289
Shortfall issue February 2020	28 February 2020	6,500,000	\$0.016	104
Options exercised	30 June 2020	174,050	\$0.040	7
Share issue cost		-	\$0.000	(93)
Balance	30 June 2020	142,689,618		16,165
Exercise of performance rights	21 September 2020	5,000,000	\$0.015	75
Exercise of free attaching options	29 January 2021	3,323,639	\$0.040	133
Shares issued as Hunter acquisition consideration	12 March 2021	25,426,418	\$0.035	900
Shares issued as Skill Hire acquisition consideration	31 May 2021	194,439,675	\$0.032	6,157
Share issue costs		-	\$0.000	(35)
Balance	30 June 2021	<u>370,879,350</u>		<u>23,395</u>

Ordinary shares

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

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

Share buy-back

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

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

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

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 22. Equity - Issued capital (continued)

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

Note 23. Equity - Reserves

	Consolidated	
	2021 \$'000	2020 \$'000
Share-based payments reserve	20	1,689

During the year ended 30 June 2021, some performance shares were exercised. However a large portion of options expired and were not exercised. These were reversed from the reserve and put against the retained earnings. The options had an expiry date of 21 June 2021.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Performance rights \$'000	Options \$'000	Total \$'000
Balance at 1 July 2019	-	1,608	1,608
Share based payment	73	8	81
Balance at 30 June 2020	73	1,616	1,689
Exercise of performance rights	(73)	-	(73)
Expiry of options	-	(1,596)	(1,596)
Balance at 30 June 2021	-	20	20

Note 24. Loss per share

	Consolidated	
	2021 \$'000	2020 \$'000
	Number	Number
Loss after income tax attributable to the owners of The GO2 People Ltd	(2,689)	(1,851)
Weighted average number of ordinary shares used in calculating basic loss per share	171,580,822	129,622,482
Weighted average number of ordinary shares used in calculating diluted loss per share	171,580,822	129,622,482

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 24. Loss per share (continued)

	Cents	Cents
Basic loss per share	(1.57)	(1.43)
Diluted loss per share	(1.57)	(1.43)

The dilutive impact of performance rights and options has not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as it does not meet the requirements for inclusion in AASB 133 'Earnings Per Share'. The rights to these loan funded shares and options are non-dilutive as the consolidated entity is loss generating.

Note 25. Non-current liabilities - Employee benefits

	Consolidated	
	2021 \$'000	2020 \$'000
Long service leave	142	-

Note 26. Non-current liabilities - Deferred consideration

	Consolidated	
	2021 \$'000	2020 \$'000
Deferred consideration	3,250	-

Deferred consideration

The provision represents the obligation to pay deferred consideration following the acquisition of a business - Skill Hire Australia Pty Ltd (Skill Hire). This consideration is to be paid in cash after 2 years of the acquisition (acquisition completed 31 May 2021). Refer to note 33 for more information.

Note 27. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

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

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated - 2021				
<i>Liabilities</i>				
Contingent consideration - Hunter	-	-	1,207	1,207
Total liabilities	-	-	1,207	1,207

There were no transfers between levels during the financial year.

The value of the contingent consideration is based on the profit and loss of Hunter for the year. The balance is split between the liability for contingent consideration recorded on acquisition date of \$750,000 and an additional \$457,000 recorded to remeasure the contingent consideration on 30 June 2021. Refer to note 33 for more information.

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 28. Key management personnel disclosures

Directors

The following persons were Directors of The GO2 People Ltd during the financial year:

Name	Position held
Darren Copper	Independent Non-Executive Chairman
Abilio "Billy" Ferreira (resigned 31 August 2021)	Managing Director
Paul Goldfinch (resigned 31 August 2021)	Executive Director
Robert Stockdale (appointed 1 June 2021)	Non-executive Director
Tony Fitzpatrick (appointed 1 June 2021)	Non-executive Director

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

Ross Lovell (employment ended 3 September 2021)	EGM Recruitment
Matthew Thomson (resigned 7 May 2021)	CFO and Joint Company Secretary
Peter Torre	Joint Company Secretary
Shawn Murphy	Chief Executive Officer
Danny Warren (resigned 14 September 2021)	Chief Financial Officer

Compensation

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

	Consolidated	
	2021	2020
	\$	\$
Short-term employee benefits	1,136,167	1,128,962
Post-employment benefits	79,691	99,885
Share-based payments	-	30,000
	1,215,858	1,258,847

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (Vic) Pty Ltd, the auditor of the Company:

	Consolidated	
	2021	2020
	\$	\$
<i>Audit services - William Buck</i>		
Audit or review of the financial statements	69,000	51,250
<i>Other services - William Buck</i>		
Other assurance services	20,000	-
	89,000	51,250

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 30. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated	
	2021	2020
	\$'000	\$'000
Loss after income tax expense for the year	(2,689)	(1,851)
Adjustments for:		
Depreciation and amortisation	470	749
Expected credit loss on receivables	245	156
Share of equity accounted investment results	(16)	36
Share option cost	-	81
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(3,850)	4,513
Decrease in other assets	169	84
Increase in contract liability	835	-
Increase/(decrease) in trade and other payables	3,629	(787)
Increase in provisions	920	33
Net cash from/(used in) operating activities	<u>(287)</u>	<u>3,014</u>

Note 31. Related party transactions

Parent entity

The GO2 People Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 34.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the Directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

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

	Consolidated	
	2021	2020
	\$	\$
Current receivables:		
Loan to Giraffe Australia Pty Ltd (trading as Core FM)	54,296	48,546

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 32. Parent entity information

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

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 32. Parent entity information (continued)

	Parent 2021 \$'000	Parent 2020 \$'000
Loss after income tax	696	537
Total assets	24,037	14,146
Total liabilities	(3,840)	(51)

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 33. Business combinations

Hunter Executive Search Consultants Pty Ltd

On 12 March 2021 the Group acquired 100% of the ordinary shares in Hunter Executive Search Consultants Pty Ltd (Hunter). Hunter Executive Search Consultants is a recruitment company based in Perth that specialize in permanent and contract placements for the executive, engineering, resources and environment industries. Transaction costs incurred for this transaction was \$43,000 (mainly legal fees expensed in the profit and loss). The acquisition consideration consisted of an initial scrip consideration equivalent to \$900K, and a deferred scrip consideration which has its value determined by a multiple of 3 times the normalised net profit of Hunter on a standalone basis for the year ended 30 June 2021.

Hunter contributed revenues of \$1,229,239 and profit after tax of \$298,223 to the Group for the period from 12 March 2021 to 30 June 2021. If the acquisition occurred on 1 July, the full year contributions would have been revenues of \$3,550,456 (FY2020: \$3,778,906) and profit after tax of \$540,018 (FY2020: \$239,790).

Fair value measured on a provisional basis

The allocation of the fair value to goodwill has been made on a provisional basis. Under AASB 3 – Business Combinations management has up to 12 months to finalise the carrying value of assets and liabilities acquired on completion of an acquisition.

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 33. Business combinations (continued)

Deferred script consideration

The Group has agreed to pay the selling shareholders three times the normalised net profit of Hunter for financial year ended 30 June 2021 less the initial purchase consideration of \$900,000. Management calculated the likely result for Hunter which was estimated on acquisition date to be a \$550,000 normalised net profit, when multiplied by three would equal \$1,650,000 resulting in an outstanding consideration of \$750,000. This liability was recorded on the acquisition date of the business.

On completion of the financial year the normalised net profit of Hunter for the year ended 30 June 2021 was \$702,333 meaning that the total acquisition value has increased to \$2,107,000 and the fair value of the contingent consideration has increased to \$1,207,000, increasing the fair value of this contingent consideration by \$457,000. This movement has been recognised in the profit or loss and other comprehensive income in accordance with the requirements of *AASB 3 – Business Combinations*. The number of shares to be issued to the Hunter Vendors will be determined as follows;

- i) if the 14 Day VWAP is less than 3 cents, the deemed issue price per share of the contingent script consideration will be 3 cents per share; alternatively
- ii) if the 14 Day VWAP is greater than 8 cents, the deemed issue price per share of the contingent script consideration will be 8 cents per share.

The estimated number of shares to be issued is 36,358,000 shares at the estimated VWAP of 3.33c. The shares are required to be issued by 30 September 2021.

Details of the acquisition as at 12 March 2021 are as follows:

	Fair value \$'000
Cash and cash equivalents	132
Trade receivables	230
Plant and equipment	6
Right-of-use assets	118
Trade payables	(20)
Other payables	(129)
Provision for income tax	(95)
Employee benefits	(101)
Hire purchase	(158)
Net liabilities acquired	(17)
Goodwill	1,667
Acquisition-date fair value of the total consideration transferred	<u><u>1,650</u></u>
Representing:	
The Go2 People Ltd shares issued to vendor (25,426,418 shares @ 3.54c per share)	900
Contingent consideration	750
	<u><u>1,650</u></u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	1,650
Less: contingent consideration	(750)
Less: shares issued by Company as part of consideration	(900)
Add: cash acquired on acquisition	132
Net cash received	<u><u>132</u></u>

Note 33. Business combinations (continued)

The above calculation represents the fair value of assets and liabilities acquired on acquisition date. As noted above an additional expense of \$457,000 was recognised in respect of a fair value movement in the contingent consideration on 30 June 2021.

For personal use only

Note 33. Business combinations (continued)

Skill Hire Australia Pty Ltd

On the 31st of May 2021 the Group acquired 100% of the ordinary shares in Skill Hire Australia Pty Ltd (Skill Hire). Skill Hire delivers a full suite of blue-collar employment services via its registered training organisation and its apprenticeship & traineeship recruitment and labour hire divisions. Skill Hire delivers both Government funded and fee-for-service workplace training and education in the form of pre-employment programs, traineeships and apprenticeships, and fee-for-service recruitment and labour hire services to a large client base in Western Australia and South Australia. Transaction costs incurred for this transaction was \$122,000 (mainly legal fees expensed in the profit and loss). The consideration transferred was:

- \$6.25 million cash at completion (31 May 2021)
- \$3.25 million cash deferred over 2 years
- 194.4 million GO2 shares valued on 31 May 2021 at \$0.032 per share

Skill Hire contributed revenues of \$3,300,023 and loss after tax of \$160,114 to the Group for the period from 1 June 2021 to 30 June 2021. If the acquisition occurred on 1 July, the full year contributions would have been revenues of \$44,586,687 (FY2020: \$42,787,014) and profit after tax of \$4,309,301 (FY2020: \$1,165,177).

Fair value measured on a provisional basis

The allocation of the fair value to goodwill has been made on a provisional basis. Under AASB 3 – Business Combinations management has up to 12 months to finalise the carrying value of assets and liabilities acquired on completion of an acquisition.

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 33. Business combinations (continued)

Details of the acquisition as at 31 May 2021 are as follows:

	Fair value \$'000
Cash and cash equivalents	6,865
Financial assets	5,000
Trade receivables	3,624
Other assets	115
Plant and equipment	1,184
Right-of-use assets	1,361
Other intangible assets	216
Trade payables	(412)
Other payables	(2,143)
Contract liabilities	(1,147)
Income tax payable	(1,540)
Employee benefits	(850)
Lease liability	(1,361)
Loans and borrowings	<u>(4,854)</u>
Net assets acquired	6,058
Goodwill	<u>9,599</u>
Acquisition-date fair value of the total consideration transferred	<u>15,657</u>
Representing:	
The GO2 People Ltd shares issued to vendor	6,157
Deferred Payment	3,250
Completion Cash Payment	<u>6,250</u>
	<u>15,657</u>
Cash used to acquire business, net of cash acquired:	
Less: Completion cash payment	(6,250)
Add: Cash acquired on acquisition of business	<u>6,865</u>
Net cash received	<u>615</u>

Note 34. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
GO2 People Ltd	Australia	100.00%	100.00%
GO2 Building Pty Ltd	Australia	100.00%	100.00%
Terra Firma Constructions Pty Ltd	Australia	100.00%	100.00%
The GO2 Recruitment Unit Trust*	Australia	100.00%	100.00%
GO2 Recruitment Pty Ltd	Australia	100.00%	100.00%
The GO2 People Australia Pty Ltd	Australia	100.00%	100.00%
GO2 Skills & Training Pty Ltd	Australia	100.00%	100.00%
Hunter Executive Search Consultants Pty Ltd	Australia	100.00%	-
Skill Hire Australia Pty Ltd	Australia	100.00%	-
Skill Hire WA Pty Ltd	Australia	100.00%	-

The GO2 People Ltd
Notes to the consolidated financial statements
30 June 2021

Note 34. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
NARA Training and Assessing Pty Ltd	Australia	100.00%	-
Skill Hire Indigenous Contracting Pty Ltd	Australia	100.00%	-

* Go2 Recruitment Unit Trust was settled in Australia and is not an incorporated entity.

Note 35. Events after the reporting period

On 17 August 2021 the Australian Taxation Office (ATO) issued a statement to the Group which reports that there was an outstanding amount of \$862,851 owing to the ATO in respect to Superannuation Guarantee Charges and related charges emanating from an ATO superannuation audit for the 2015 to 2019 financial years. Due to certain payments being late, which in the main relates to 2015, the ATO has imposed charges to the relevant periods. The Group continues to liaise with the ATO in an attempt to have the charges remitted or to implement an alternate payment plan as a prepayment for future periods. This is an adjusting event and has been provided for in the accounts.

The Company is also undertaking its own internal review of the timing of superannuation payments from 2019 to date, to ensure there have been no other incidences of non-compliance which require reporting to the ATO.

On 31 August 2021 the Group announced the resignation of Billy Ferreira and Paul Goldfinch. Billy Ferreira resigned as Group Managing Director and Chief Executive Officer, with the resignation as Director effective immediately and his resignation as CEO effective 30 September 2021. Paul Goldfinch resigned as a non-executive Director effective immediately.

On 9 September 2021 the Group settled proceedings in relation to an alleged unfair preference claim relating to payments to it by VCS Civil and Mining Pty Ltd. The proceedings alleged that, in receiving payments prior to VCS being placed into administration, GO2 received payments in preference to other unsecured creditors. The settlement sum is due to be paid by 7 October 2021 and is confidential under a Deed of Settlement and Release however this does not materially impact the Group's financial results for the year ended 30 June 2021.

Shawn Murphy will be appointed as the Chief Executive Officer of the Group effective 1 October 2021. Shawn Murphy has been the CEO of Skill Hire since August 2020, and has worked in successful start-ups and scale-ups across the health, medical and human resources sectors.

Note 36. Variation from Preliminary final report

Subsequent to the release of the Group's Preliminary final report (**Appendix 4E**), further work was performed to determine the final full year normalised net profits of Hunter Executive Search Consultants (Hunter). The information arising from the completion of the work required between the date of release of the Preliminary final report and the date of release of this financial statement has enabled management to determine the contingent consideration that is payable as part of the Hunter Executive Search Consultants business acquisition.

The final normalised net profit of Hunter was \$702,333. As the contingent consideration has its value determined by a multiple of 3 times the normalised net profit of Hunter, and as there was an initial scrip consideration paid of \$900,000, the revised contingent consideration portion is \$2,107,000. This has resulted in a revision upward of the estimated contingent consideration by \$457,000, from the \$750,000 previously disclosed in the Appendix 4E. The difference has been recorded in the consolidated profit and loss of the Group and has resulted in the following movement. This has been discussed further in Note 33.

	Preliminary final report \$'000	Financial statements \$'000
Comprehensive loss after tax	2,232	2,689
Total liabilities	25,608	26,065
Net assets	4,789	4,332

The GO2 People Ltd
Directors' declaration
30 June 2021

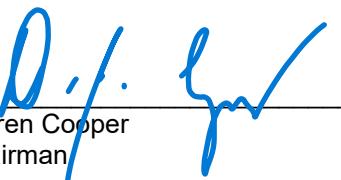
In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the Directors


D. J. C.

Darren Cooper
Chairman

29 September 2021

The GO2 People Ltd

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The GO2 People Ltd (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 2021 and of its financial performance for the year ended on that date; 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 (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.

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street

Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

Key Audit Matters

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

ACQUISITION OF SKILL HIRE AUSTRALIA PTY LTD

Area of focus Refer also to notes 1, 2 and 33	How our audit addressed it
<p>The Group acquired Skill Hire Australia Pty Ltd ("Skill Hire") on 31 May 2021 for a total consideration of \$15.7 million; this was considered a significant purchase for the Group. Goodwill of \$9.6 million was also recognised.</p> <p>Accounting for this transaction is complex and required significant judgements and estimation by management, specifically:</p> <ul style="list-style-type: none"> • to determine the fair value of assets and liabilities acquired in the context of Australian Accounting Standards; and • to determine the fair value of identifiable intangible assets that may exist on acquisition date. <p>As such this matter has been determined as a key area of focus for our audit.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Assessing that the acquired entity meets the definition of a business under AASB 3 – <i>Business Combinations</i>; • Reviewing the sale and purchase agreement to understand the key terms and conditions of the acquisition, including the date that control passed to the Group; • Determining that at acquisition date the Group retained overall control of the business and the transaction did not constitute a reverse acquisition as defined in AASB 3 – <i>Business Combinations</i>; • Assessing the Group's determination of fair values of assets acquired by performing audit procedures on opening balances at acquisition date; and • Noting that the accounting for the acquisition is currently provisional as at the date of this report and that the fair value of identifiable intangible assets acquired is yet to be finalised. <p>We have also assessed the adequacy of the Group's disclosures in respect of the acquisition in the financial report.</p>

ACQUISITION OF HUNTER EXECUTIVE SEARCH CONSULTANTS PTY LTD

Area of focus Refer also to notes 1, 2, 33 and 36	How our audit addressed it
<p>The Group acquired Hunter Executive Search Consultants Pty Ltd ("Hunter") on 12 March 2021 for an initial consideration of \$1.65 million; this was considered a significant purchase for the Group. Goodwill of \$1.67 million was also recognised.</p> <p>Accounting for this transaction is complex and required significant judgements and estimation by management, specifically:</p> <ul style="list-style-type: none"> • to determine the fair value of assets and liabilities acquired in the context of Australian Accounting Standards; and 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Assessing that the acquired entity meets the definition of a business under AASB 3 – <i>Business Combinations</i>; • Reviewing the sale and purchase agreement to understand the key terms and conditions of the acquisition, including the date that control passed to the Group; • Assessing the Group's determination of fair values of assets acquired by performing

ACQUISITION OF HUNTER EXECUTIVE SEARCH CONSULTANTS PTY LTD (CONTINUED)

<ul style="list-style-type: none"> to determine the fair value of the contingent consideration. <p>As such this matter has been determined as a key area of focus for our audit.</p>	<p>audit procedures on opening balances at acquisition date; and</p> <ul style="list-style-type: none"> We tested the appropriateness of the contingent consideration liability and verified that there was a significant difference between the liability recognised on acquisition date and the final liability payable at the end of the measurement period on 30 June 2021. This difference was recorded in the statement of profit or loss and other comprehensive income in accordance with the requirements of <i>AASB 3 – Business combinations</i>. <p>We have also assessed the adequacy of the Group's disclosures in respect of the acquisition in the financial report.</p>
---	---

GOING CONCERN

Area of focus Refer also to note 1	How our audit addressed it
<p>As disclosed in Note 1, the group made a loss after tax of \$2.7 million, had a net current deficiency of \$3.3 million and a net cash outflow from operations of \$0.3 million.</p> <p>Notwithstanding these results, the accounts have been prepared on the assumption that the Group is a going concern for the following reasons:</p> <ul style="list-style-type: none"> Of the current deficiency noted above approximately \$1.2 million relates to the earn out payment to be made in shares to Hunter following completion of the acquisition during the year. In addition approximately \$0.8 million of contract liabilities relates to cash received by the Group which has been recognised as revenue in the subsequent financial year. Both of these items resulted in a net cash outflow of \$nil to the Group; and The acquisition of Skill Hire and Hunter are likely to generate positive cashflows based not only on historical performance of these businesses but also future projections, which have been prepared by management. <p>Based on the narrative above this has been a key area of focus for our audit.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Evaluation of the directors' assessment of the Group's ability to continue as a going concern; Reviewing cash flow forecasts and assumptions provided by the directors', including future sales; and Reviewing the historical audited results of the Skill Hire business that has been acquired by the Group during the financial year, noting that the business has historically been profitable and generated positive operating cashflows. <p>We have also assessed the adequacy of disclosures in relation to going concern in the Notes to the financial report.</p>

Your personal
assistant

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of The GO2 People Ltd, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136



A. A. Finnis

Director

Melbourne, 29 September 2021