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Beacon Lighting Group Limited

# ANNUAL REPORT 2021

Beacon LIGHTING


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# Contents


| | |
|---|---|
| Chairman and Chief Executive Officer's Report | 1 |
| Board of Directors | 4 |
| Management Team | 5 |
| Corporate Governance Statement | 6 |
| Directors' Report | 12 |
| Auditor's Independence Declaration | 29 |
| Index to the Financial Statements | 30 |
| Consolidated Statement of Comprehensive Income | 31 |
| Consolidated Balance Sheet | 32 |
| Consolidated Statement of Changes in Equity | 33 |
| Consolidated Statement of Cash Flows | 34 |
| Notes to Consolidated Financial Statements | 35 |
| Directors' Declaration | 85 |
| Independent Auditor's Report to the Members of Beacon Lighting Group Limited | 86 |
| Shareholders' Information | 92 |
| Corporate Directory | 94 |
| Store Locations | 96 |


## Important Notice

This financial report is the consolidated financial report of the consolidated entity consisting Beacon Lighting Group Limited, ACN 164 122 785 and its subsidiaries. Beacon Lighting Group Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 5 Bastow Place Mulgrave Victoria 3170. A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on page 12, which is not part of the financial report. The financial report was authorised for issue by the Directors on 18 August 2021. The Directors have the power to amend and reissue the financial statements.



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# CHAIRMAN & *Chief Executive Officer's Report*

The Beacon Lighting Group is very excited to be announcing the financial result for FY2021. Throughout FY2021, the Board of Directors have been very proud of the Beacon Lighting team who have continued to be adaptable and innovative in meeting the needs of customers during the COVID-19 pandemic and lockdowns. With the continued support of our retail and trade customers, business partners and the general community, the Beacon Lighting Group has been able to achieve a record financial result in FY2021.

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## GROUP OVERVIEW

The Beacon Lighting Group finished FY2021 with 113 Beacon Lighting company stores and 2 franchised stores. During FY2021, new company stores were opened in Virginia (QLD), Camperdown (NSW), Belmont (WA) and Tweed Heads (NSW). The Ballarat franchised store was also purchased and converted into a company store. Beacon Lighting Commercial continues to operate sales offices in Brisbane (QLD), Sydney (NSW), Melbourne (VIC), Adelaide (SA) and Perth (WA). The Australian supply chain is supported by two distribution centres in Derrimut (VIC) and Parkinson (QLD).

As a part of the Beacon Lighting Group Emerging Businesses, Beacon International has sales offices in Hong Kong, Germany and the United States of America with a support office in China. Light Source Solutions has sales teams in both Australia and New Zealand, while Connected Light Solutions (formerly Light Source Solutions - Roadway) supports customers across Australia. Masson For Light has an architectural lighting showroom in Richmond (VIC) and Custom Lighting has a designer showroom in Malvern (VIC).

## FINANCIAL RESULT

In FY2021, the Beacon Lighting Group achieved a record sales result of $288.7 million compared to $251.7 million in FY2020 which was a 14.7% increase. Strong gross profit margins were maintained throughout FY2021 with a final margin of 68.4% compared to 63.7% in FY2020. In addition, significant operating expense leverage was achieved in FY2021 with Operating Expenses as a percentage of sales declining to 38.9% from 42.3% in FY2020. Overall, the Beacon Lighting Group was able to achieve a Net Profit After Tax result of $37.7 million in FY2021 compared to $22.2 million in FY2020.

The 14.7% sales increase in FY2021 was driven by a 13.3% company stores comparative sales increase. Western Australia continues to be the most exciting state from a Beacon Lighting stores perspective but there were also very strong comparative increases in Queensland, South Australia and New South Wales. Victoria also achieved a very pleasing comparative sales increase despite an extensive period of lockdown without retail customers.

The Trade Customer has been the single biggest focus of the Beacon Lighting Group throughout FY2021. Major changes to better service our Trade Customers in FY2021 have included opening all stores at 7:30 am, a dedicated trade marketing program and the development of trade specific products. The results of these changes have been very promising to date. Trade Loyalty Club sales increased by 50.1% and total trade sales (which also includes Commercial, Masson For Light and Custom Lighting) increased by 27.1%.

Online sales growth has continued to be very strong throughout the COVID-19 pandemic increasing by 60.3% in FY2021 to $26.0 million. The Group continues to be very excited about Beacon International where sales increased by 45.3% in FY2021 to $12.3 million.

With a continued focus on providing outstanding customer service involving improved procurement procedures and an improved cost base, the Beacon Lighting Group has been able to achieve a very strong gross profit margin of 68.4% in FY2021. The Group has continued to be conservative from a cost management perspective. Operating expenses have increased by $5.7 million or 5.3% but the operating expenses as a percentage of sales has declined from 42.3% of sales in FY2020 to 38.9% of sales in FY2021.

With a combination of increased sales, an improved gross profit margin and the leveraging of operating expenses, Beacon Lighting has been able to achieve a Net Profit After Tax increase of 69.4% to $37.7 million in FY2021. An outstanding financial result for the Beacon Lighting Group.

In FY2021, the Beacon Lighting Group made a significant investment of $15.2 million in the Large Format Property Fund for a 50% interest in four large format retail properties. The other 50% is owned by Rebeach Pty Ltd which is controlled by the Robinson Family. Despite supply chain challenges, the Group has been successful at increasing inventory by $4.9 million. A strong operating cash result has been achieved in FY2021, which has been used to fund an increase in dividends, the investment in the Large Format Property Fund and the repayment of interest bearing debt of $13.2 million.

We would like to thank our retail and trade customers and the team at Beacon in Australia and around the world for their support during FY2021.

# FY2021 *Highlights*

The Beacon Lighting Group highlights for FY2021 include:

Record sales result of
**$288.7m**

Net Profit After Tax result of
**$37.7m**

Company store comparative sales increase of
**13.3%**

Trade Loyalty Club sales increased by
**50.1%**

Record online sales of
**$26.0m**
representing growth of
**60.3%**

International sales of
**$12.3m**
representing growth of
**45.3%**

Introduced many
**TRADE INITIATIVES**
to better serve our trade customers

**RE-PLATFORMED** the **WEBSITE**
beaconlighting.com.au

Opened **NEW** stores at
**VIRGINIA** (QLD)
**CAMPERDOWN** (NSW)
**BELMONT** (WA)
**TWEED HEADS** (NSW)

Purchased the franchised
**BALLARAT** (VIC)
Beacon Lighting store

**50% INTEREST**
in a Property Fund which purchased
**4 LARGE FORMAT RETAIL PROPERTIES**



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# STRATEGIC *pillars of growth*

The Beacon Lighting Group's Strategic Pillars of Growth remain as follows:

### RETAIL

Providing our customers with a rewarding customer experience, the latest range of lighting and fans, inspirational store design, VIP member benefits and store network expansion and optimisation.

### TRADE

Having an industry leading trade club, trade product extensions and building trade and commercial partnerships.

### eCOMMERCE

Providing our customers with engaging websites, enabling online sales growth and providing for a seamless customer experience in-store and online.

### NEW BUSINESS

Includes the emerging businesses, international sales expansion, new business acquisitions and property.

## DIVIDENDS

The Beacon Lighting Group is very pleased to be able to provide for a record dividend payment to shareholders. The Directors have declared a fully franked dividend of 4.60 cents per share for H2 FY2021 (compared to 2.40 cents per share for H2 FY2020). Along with the H1 FY2021 fully franked dividend of 4.20 cents per share (compared to 2.60 cents per share for H1 FY2020), this brings the annual Beacon Lighting Group dividend for FY2021 to 8.80 cents per share (compared to 5.00 cents per share in FY2020).

## OUTLOOK

The Beacon Lighting Group will continue to target growth both in Australia and in International markets. The Group will do this by continuing to be at the forefront of the changes that are occurring in the lighting industry involving new technologies, fashion and energy efficient lighting solutions. The growth will also be supported by market leading customer service and business partnering for both our retail and trade customers. Beacon Lighting will be looking to build on its market position as Australia's leading lighting provider and to grow its presence in international markets.

The Beacon Lighting Group is planning for further growth in FY2022 and is already committed to the following activities:

- The Trade Strategy Committee will continue to focus on improving the trade customer experience including trade product development and a new Trade Loyalty Club program.
- The conversion of the Large Format Property Fund properties at Auburn (NSW), Traralgon (VIC) and Southport (QLD) into Beacon Lighting stores.
- The opening of additional Beacon Lighting stores at Ellenbrook (WA), Melton (VIC) and Butler (WA).
- The relocation of the Beacon Lighting stores at Port Macquarie (NSW), Burleigh (QLD), Lake Haven (NSW) and Camberwell (VIC).
- The launch of the beaconlighting.us retail sales website in the United States of America.
- The expansion of Beacon International sales for Australian Designed products into the China market.
- The introduction of exciting new product ranges for Beacon Lighting Stores, Commercial, Beacon International, Light Source Solution, Connected Lighting Solutions, Masson For Light and Custom Lighting.

Looking forward into FY2022, the Beacon Lighting Group is very well placed to take advantage of the working from home trend, increased housing churn, home office upgrades and move to more online shopping. Despite the ongoing uncertainty associated with the COVID-19 pandemic and lockdowns, the Beacon Lighting Group is excited about the opportunities moving into FY2022 and beyond.



**Ian Robinson**
Executive Chairman



**Glen Robinson**
Chief Executive Officer

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# BOARD of Directors

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**Ian Robinson**
Executive Chairman



47 years of service

Ian Robinson purchased the first Beacon Lighting store in 1975. Over the subsequent 46 years, his role has grown from store management, to CEO and in July 2013 to his current role as Executive Chairman. Ian remains actively involved in the operations of the Group. Ian is a Director of Lighting Council of Australia, Carbonetix Pty Ltd, Large Format Retailers Association and Large Format Property Group.

**Glen Robinson**
Chief Executive Officer



27 years of service

Glen Robinson assumed his current role of Chief Executive Officer in July 2013 after joining the Group in 1994. Glen has a strong understanding of the business having started with the Group on the sales floor, progressing to trainee buyer, merchandising manager and then taking responsibility for Beacon Lighting's product range from development to in-store presentation. Glen is a Director of Large Format Property Group. Glen holds a BBus (Management).

**(James) Eric Barr**
Deputy Chairman
Non-Executive Director



7 years of service

Eric Barr is Deputy Chairman and Chairman of the Remuneration and Nomination Committee of the Group. Eric retired in 2000 as a Partner with PricewaterhouseCoopers after 20 years of service. Since then Eric has been a Director of public companies in the United States of America and Australia, including 10 years as lead director of Reading International Inc. Eric is a Non-Executive Director of Generation Life Limited (formerly known as Austock Group Limited) where he holds the positions of Chairman of the Audit Committee, Chairman of Risk Committee and Chairman of the Remuneration Committee and is an independent Director of Large Format Property Group. Eric was previously a Non-Executive Director of the Sydney Stock Exchange Limited, holding the positions of Chairman of Directors and Chairman of the Audit Committee. Eric is a Chartered Accountant.

**Neil Osborne**
Non-Executive Director



7 years of service

Neil Osborne is a Non-Executive Director and is also Chairman of the Group's Audit Committee. Neil has over 35 years experience in the retail industry. Neil was formerly an Accenture Partner, leading large strategic projects in Australia and Asia. Neil also spent 18 years with Coles Myer Ltd in senior positions including finance (including CFO Myer), operations and strategic planning. Neil is a Non-Executive Director of Vita Group (ASX Listed) and Chairman of their Audit and Risk Committee. Neil is also Chairman of Australian United Retailers (trading as Foodworks) and an independent Director of Large Format Property Group. Neil holds a BComm, is a CPA and a FAICD.

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# MANAGEMENT *Team*

## David Speirs
Chief Financial Officer

Joined Beacon Lighting in 2003 after six years of business consulting and a career working with various Coles Myer businesses. David holds a BBus (Accounting), MBus (Accounting), Post Grad Dip (Finance) and is a FCPA.



## Barry Martens
Chief Operating Officer

Joined Beacon Lighting in 1996 following a retail advertising career with Clemenger Harvey and retail marketing experience with Klein's Jewellery.



## Michael (Mick) Tan
Chief Information Officer

Joined Beacon Lighting in 2000 and has had more than 30 years information technology experience including a career with Fujitsu Systems. Mick holds a Dip (Management).



## Tracey Hutchinson
Financial Controller & Company Secretary

Joined Beacon Lighting in 2011 having had senior financial management roles with various ASX businesses, including Eyecare Partners. Tracey holds a BBus (Accounting), a MBus (Administration), a Graduate Diploma of Corporate Governance and is a CPA.



## Prue Robinson
Marketing Director

Joined Beacon Lighting in 2006 following a variety of roles in Sydney and London and four years in marketing with Spotlight. Prue is a Director of the Large Format Management Company Pty Ltd. Prue holds a BBus (Management & Marketing).



## Rodney Brown
General Manager – Supply Chain

Joined Beacon Lighting in 2012 with extensive supply chain experience including management roles with Cadbury Schweppes and Fosters Brewing.



# CORPORATE *Governance Statement*

The Board of Directors of Beacon Lighting Group Limited is responsible for the corporate governance of the Group. This statement outlines the corporate governance policies and practices formally approved by the Board of Beacon Lighting. This statement is current as at 18 August 2021. These policies and practices are in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) unless otherwise stated. The Board considers that the Group's corporate governance practices and procedures substantially reflect the principles. The full content of the Group's Corporate Governance policies and charters can be found on the Group's website (www.beaconlightinggroup.com.au).

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## PRINCIPLE 1

**Lay Solid Foundations for Management and Oversight**

The Board's responsibilities are defined in the Board Charter and there is a clear delineation between the matters expressly reserved to the Board and those delegated to the Chief Executive Officer and senior management.

The Board Charter outlines:

- The guidelines for Board composition, including the processes around Director appointments and resignations.
- The operation of the Board and the Board Committees.
- The roles of the Board, the Chairperson, CEO and senior management.
- Specifically includes risk management responsibilities (rather than these being delegated to a separate Risk Committee).

A copy of the Board Charter is available on the Group's website.

The Board and Committee Charters sets out the processes for the annual review of the performance of the Board as a whole, each Director and the Board Committees.

The Board has established a Remuneration and Nomination Committee which is responsible for reviewing executive remuneration and incentive policies and practices.

The Group has a written agreement with each Director and senior executive setting out the terms of their appointment.

The Group has adopted a Diversity Policy. The Group does not propose to establish measurable objectives for achieving gender diversity in the foreseeable future as recommended by Recommendation 1.5 of the ASX Corporate Governance Principles and Recommendations. The Group is strongly committed to making all selection decisions on the basis of merit.

The Diversity Policy affirms the commitment of the Group to embrace diversity and sets out the principles and work practices to ensure that all associates have the opportunity to achieve their full potential. The policy is periodically reviewed to check it is operating effectively.

The Group undertakes appropriate background checks before appointing a Director or senior executive including checks as to the person's character, experience, education, criminal record and bankruptcy history.

## PRINCIPLE 2

**Structure the Board to be Effective and Add Value**

The experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report is included in the Directors' Report.

The term in office held by each Director in office at the date of this report is as follows:

Note: These terms of office relate to the listed entity Beacon Lighting Group Limited only and do not relate to the subsidiary or operating entities.

| NAME | TERM IN OFFICE |
|---|---|
| Ian Robinson | 8 years |
| Eric Barr | 7 years |
| Glen Robinson | 7 years |
| Neil Osborne | 7 years |

Ian Robinson is a substantial shareholder. He has been Executive Chairman since July 2013 having previously held the position of Chief Executive Officer.

Eric Barr and Neil Osborne are shareholders of Beacon Lighting Group Limited. They are independent Non-Executive Directors and bring objective judgment to bear on Board decisions commensurate with their commercial knowledge, experience and expertise.

Glen Robinson is a senior executive of Beacon Lighting and has been Chief Executive Officer since July 2013.

Recommendation 2.1 of the ASX Corporate Governance Principles and Recommendations recommends that the Board establishes a nomination committee and that the committee have at least three members, a majority of whom are independent and be chaired by an independent Director.

The Remuneration and Nominations Committee has four members. Three are independent: Eric Barr and Neil Osborne, as independent Directors and Andrew Hanson as an external consultant. Ian Robinson, Executive Chairman, is the other member. The Committee is chaired by Eric Barr.

A copy of the Remuneration and Nomination Committee Charter is available on the Group's website.

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In relation to nominations, the Remuneration and Nomination Committee is responsible for:

- Assessing current and future Director skills and experiences and identifying suitable candidates for succession.
- Annually enquiring of the Executive Chairman and the Chief Executive Officer their processes for evaluating their direct reports.

An internal process of evaluation is undertaken annually on the performance, skills and knowledge of the Board and its committees, utilising a board skills matrix and by reference to the Board & Committee Evaluation Policy. The review provides comfort to the Board that its structure and performance is effective and appropriate to Beacon Lighting and that the Board has the range of skills, knowledge and experience to direct the Group.

The Board skills matrix sets out the requisite skills, expertise, experience and other desirable attributes for the Board. The following attributes have been identified which Beacon seeks to achieve across its Board membership: other Board experience, retail industry experience, financial management experience and governance experience.

The Directors have been selected for their relevant expertise and experience. They bring to the Board a variety of skills and experience, including industry and business knowledge, financial management, accounting, operational and corporate governance experience. The annual report includes details of the Directors, including their specific experience, expertise and term of office.

To enable performance of their duties, all Directors:

- Are provided with appropriate information in a timely manner and can request additional information at any time.
- Have access to the Company Secretary.
- Have access to appropriate continuing professional development opportunities.
- Are able to seek independent professional advice at the Group's expense in certain circumstances.

Recommendations 2.4 and 2.5 of the ASX Corporate Governance Principles and Recommendations recommends that the Board comprise a majority of Directors who are independent, and that the Chairperson should be an independent Director. The Board, as currently composed, does not comply with these recommendations. The Board considers that the composition of the Board is appropriate given the Group's present circumstances.

## PRINCIPLE 3

**Instill a Culture of Acting Lawfully, Ethically and Responsibly**

The Group has adopted a written Code of Conduct in accordance with Recommendation 3.2 which applies to the Directors and all associates employed by the Group, including senior management. The objective of this Code is to ensure that high standards of corporate and individual behavior are observed by all associates in the context of their employment. The Code of Conduct includes the Group's statement of values that defines the behavioural expectations of all Directors, Officers, senior management and associates.

In summary, the Code requires associates to always act:

- In a professional, fair and ethical manner, in accordance with the Group values.
- In accordance with applicable legislation and regulations, and internal policies and procedures.
- In a manner that protects the Group interests, reputation, property and resources.

The Code also reminds associates of their responsibility to raise any concerns in relation to suspected or actual breaches of the Code. All Directors and associates employed by the Group receive appropriate training on their obligations under the Code.

Beacon Lighting has a whistleblower policy in accordance with Recommendation 3.3 and ensures that the Board is informed of any material incidents reported under that policy. The policy details the types of concerns that may be reported under the policy, how whistleblowers will be protected and the process for follow up and investigation.

Beacon Lighting has an anti-bribery and corruption policy in accordance with Recommendation 3.4 and ensures that the Board is informed of any breaches of that policy. The policy prohibits the giving or receipt of bribes or other improper payments, includes appropriate controls around donations and offerings of gifts, entertainment or hospitality and provides training to all managers on how to recognise and deal with breaches of the policy. Beacon Lighting also has a modern slavery policy.

## PRINCIPLE 4

**Safeguard the Integrity of Corporate Reporting**

Recommendation 4.1 of the ASX Corporate Governance Principles and Recommendations, recommends that the Audit Committee consist only of Non-Executive Directors and consists of a majority of independent Directors. The Audit Committee as currently composed does not comply with these

recommendations. Beacon Lighting has an Audit Committee comprising four members, three of whom are considered independent. The Audit Committee presently comprises Neil Osborne (Chairman), Eric Barr, Glen Robinson (Directors) and Andrew Hanson (external consultant). Two of the four members of the committee are Non-Executive Directors and have experience in, and knowledge of, the industry in which Beacon Lighting operates. Neil Osborne, Eric Barr and Andrew Hanson each have accounting qualifications.

The details of the number of Audit Committee meetings held and attended are included in the Directors' Report. Minutes are taken at each Audit Committee meeting, with the minutes tabled in the following full Board meeting.

The Audit Committee has adopted a formal charter which outlines its role in assisting the Board in the Group's governance and exercising of due care, diligence and skill in relation to:

- Reporting of financial information.
- The application of accounting policies.
- Financial risk management.
- The Group's internal control system.
- Its relationship with the external auditor.

In accordance with Recommendation 4.2 the Board, before it approves the Group's statements for a financial period, ensures that it receives from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the Group have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

In accordance with Recommendation 4.3, the Group shall disclose the process used to verify the integrity of periodic reports released to the market that are not audited or reviewed by the Group's external auditor to ensure that the report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions. The Group's external auditor attends each annual general meeting and is available to answer shareholders questions about an audit.

## PRINCIPLE 5

**Make Timely and Balanced Disclosure**

Recommendation 5.1 of the ASX Corporate Governance Principles and Recommendations recommends that companies should establish a written policy designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose that policy or a summary of it. The Group has adopted a Continuous Disclosure Policy. This Policy sets out the standards, protocols and the detailed requirements expected of all Directors, Officers, senior management and associates of the Group for ensuring the Group immediately discloses all price-sensitive information in compliance with the Listing Rules and Corporations Act relating to continuous disclosure.

The Board receives copies of all material market announcements promptly after they have been made to ensure that the Board has timely visibility of the nature and quality of the information being disclosed to the market.

Where appropriate the Group will release copies of new and substantive investor presentation materials on the ASX Market Announcements Platform prior to their presentation.

## PRINCIPLE 6

**Respect the Rights of Security Holders**

The Group has adopted a Communications Policy governing its approach to communicating with its shareholders, market participants, customers, associates and other stakeholders.

This policy specifically includes:

- The approach to briefing institutional investors, brokers and analysts.
- The approach to communications with investors whether by meetings, via the Group's websites, electronically or by any other means.

Beacon Lighting provides a printed copy of its annual report to all requesting shareholders. The annual report contains relevant information about the Group's operations during the year, changes in the state of affairs and other disclosures required by the Corporations Act and Accounting Standards. The half year report contains summarised financial information and a review of Beacon Lighting operations during the period.

The Beacon Lighting Corporate website (www.beaconlightinggroup.com.au) provides all shareholders and the public access to our announcements to the ASX, and general information about Beacon Lighting and its business. It also includes a section specifically dedicated to governance, which includes links to the Group's Constitution, Code of Conduct and its various corporate governance charters and policies.

The format of general meetings aims to encourage shareholders to actively participate in the meeting through being invited to comment or raise questions of Directors on any matter relevant to the performance and operation of the Group. The Group will consider the use of technology to facilitate the remote participation of shareholders in general meetings.

Any substantive resolutions at a general meeting will be decided by a poll rather than by a show of hands in accordance with Recommendation 6.4 raise questions of Directors on any matter relevant to the performance and operation of the Group.

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## PRINCIPLE 7

**Recognise and Manage Risk**

Recommendation 7.1 of the ASX Corporate Governance Principles and Recommendations recommends that a listed company either have a committee to oversee risk or otherwise disclose the processes it employs to for overseeing the Group's risk management framework.

The Board does not currently have a committee to oversee risk. Instead, the Board Charter specifically includes risk management responsibilities (rather than these being delegated to a separate Risk Committee).

The Board evaluates all risks to the Group on an annual basis. The risk matrix is then reviewed at regular intervals throughout the year to ensure that the Group is not being exposed to any new risks and that all existing risks are being monitored and managed effectively.

The Board retains oversight responsibility for assessing the effectiveness of the Group's systems for the management of material business risks. The Board reviews the Group's risk management on an annual basis to ensure it continues to be sound.

The Board does not consider a separate internal audit function is necessary at this stage. One of the Audit Committee responsibilities is to evaluate compliance with the Group's risk management and internal control processes. The Audit Committee periodically reviews whether there is a need for a separate internal audit function.

The Board has received written assurances from management as to the effectiveness of the Group's management of its material business risks.

The Chief Executive Officer and Chief Financial Officer provide a written assurance in the form of a declaration in respect of each relevant financial period that, in their opinion, the declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4 of the ASX Corporate Governance Principles and Recommendations requires the Group to disclose details about whether it has any material exposure to economic, environmental and social sustainability risks (if any). The Group has considered the following risks and has risk mitigation strategies in place.

**Economic Risks** include impacts to consumers' willingness to spend on discretionary retail and lighting products in particular. The Group mitigates the risk through the constant monitoring of the macro-economic environment and adjusting capital expenditure, new projects and operating expenses accordingly. The COVID-19 pandemic has continued to have a significant impact upon the Beacon Lighting Group in FY2021. Despite the impact of the COVID-19 restrictions, the Group was very well placed to service the changing needs of retail and trade customers as they have spent more time working from home, home schooling and completing projects at home. There however remains significant uncertainty associated with the COVID-19 pandemic and lockdowns and it is uncertain as to whether the higher level of sales will continue in the future.

**Exchange Rate Volatility** can impact upon the Group's ability to grow margins. The Group can also lock in a forward position for this foreign exchange exposure for a period of up to 12 months. The Board believes this mitigates the Group's exchange rate volatility risk to an acceptable level.

**Environmental Risks** include impacts on the Group's supply chain from suppliers through to stores. These risks can be reputational, regulatory and financial. The Boards assesses its primary exposure to be in the production of its products. The Group continues to operate responsibly with the community and to work with supply chain stakeholders in order to reduce the Group's impact upon the environment.

**Social Risks** include workplace health and safety as well as personnel management and corporate conduct. The Group has an extensive workplace health and safety policy incorporating the early identification and correction of potential risks, both in store, at the distribution centres and at the support offices. The Board is informed of all incidents and material potential risks at each Board meeting and the appropriate action taken. During the COVID-19 pandemic, the safety and well being of our associates, customers, business partners and the community have been the priority of the Group. The Group has implemented social distancing standards, invested in additional intensive cleaning, introduced hand sanitisers, introduced QR codes and restricted the number of customers visiting our stores.

**Corporate Conduct Risks** could impact regulatory, reputational and financial performance. It includes stock loss and theft. The Group has a dedicated store operations team to regularly monitor and assess store related risks. The Group undertakes regular inventory counts and analysis of store performance to reduce the risk of material loss.

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## PRINCIPLE 8

**Remunerate Fairly and Responsibly**

Recommendation 8.1 of the Corporate Governance Principles and Recommendations, recommends that the remuneration committee should comprise a majority of independent Directors. The Remuneration and Nomination Committee as currently composed does not comply with this recommendation. The Remuneration and Nomination Committee has four members. Three are independent: Eric Barr and Neil Osborne, as independent Directors, and Andrew Hanson as an external consultant. Ian Robinson, Executive Chairman, is the other member. The Committee is chaired by Eric Barr.

In relation to remuneration, the Remuneration and Nomination Committee is responsible for:

- Ensuring the Group has remuneration policies and practices appropriate to attracting and retaining key talent.
- Reviewing and making recommendations in relation to the remuneration of Directors and senior management.
- Reviewing and recommending the design of any executive incentive plans and approving the proposed awards to each executive under those plans.

In accordance with its Charter, the Remuneration and Nomination Committee clearly distinguishes the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.

Details of Directors' and Executives' remuneration, including the principles used to determine the nature and amount of remuneration, are disclosed in the remuneration report section of the annual report.

The Group's Securities Trading Policy expressly prohibits relevant participants from entering into arrangements that limit the economic risk of participating in the Group's incentive schemes prior to the relevant securities becoming fully vested.



















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# DIRECTORS' Report

The Directors of Beacon Lighting Group Limited (the 'Group') present their report together with the Consolidated Financial Statements of the Group and its controlled entities (the 'Consolidated Entity') for the 52 weeks ended 27 June 2021.

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## 1. DIRECTORS

The Directors of the Group during the whole financial period and up to the date of the report were:

**Ian Robinson**
**Executive Chairman**
Chairman of the Board, Member of the Remuneration and Nomination Committee.

**Glen Robinson**
**Chief Executive Officer**
Member of the Audit Committee.

**Eric Barr**
**Non-Executive Director**
Deputy Chairman of the Board, Chairman of the Remuneration and Nomination Committee and Member of the Audit Committee.

**Neil Osborne**
**Non-Executive Director**
Chairman of the Audit Committee and Member of the Remuneration and Nomination Committee.

Details of the expertise and experience of the Directors are outlined on page 4 of this annual report.

## 2. PRINCIPAL ACTIVITIES

During the financial period the principal continuing activities of the Group consisted of the selling of light fittings, globes, ceiling fans and energy efficient products predominately in the Australian market.

## 3. RESULTS

The consolidated profit for the year attributable to the members of Beacon Lighting Group Limited was:

| CONSOLIDATED ENTITY | Actual FY2021 $'000 | Actual FY2020 $'000 |
|---|---|---|
| Profit before Income Tax | 53,758 | 31,887 |
| Income Tax Expense | (16,100) | (9,662) |
| Net profit after tax attributable to the members of Beacon Lighting Group Limited | 37,658 | 22,225 |

## 4. OPERATING AND FINANCIAL REVIEW

### 4.1. Overview of Operations

Beacon Lighting is the leading retail and eCommerce lighting and fan business servicing both retail and trade customers in Australia. Beacon Lighting also has several other specialty lighting businesses in the Australian market. Beacon International is an emerging international wholesaler of fan and lighting products. The Beacon Lighting Group also has a 50% investment in the Large Format Property Fund which owns four large format retail properties in Australia.

At the end of FY2021, the Beacon Lighting Group operated the following trading businesses:

- 113 Beacon Lighting company stores.
- 2 Beacon Lighting franchised stores.
- 5 Beacon Lighting Commercial sales offices.
- Beacon International offices in Hong Kong, Germany, United States of America and China.
- Light Source Solutions operating in Australia and New Zealand.
- Connected Light Solutions (formerly known as Light Source Solutions Roadway).
- Masson For Light.
- Custom Lighting.
- Beacon Lighting Wholesale.

During FY2021, some of the operational highlights for the Beacon Lighting Group included:

- Re-platforming the beaconlighting.com.au website.
- Opened new stores in Virginia (QLD), Camperdown (NSW), Belmont (WA) and Tweed Heads (NSW).
- Purchased the Ballarat (VIC) franchised Beacon Lighting store.

During the year The Beacon Lighting Group acquired a 50% share in the Large Format Property Fund which owns large format retail properties in Southport (QLD), Traralgon (VIC), Cannington (WA) and Auburn (NSW).

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Beacon Lighting is a vertically integrated business which designs, develops, sources, imports, distributes, merchandises, promotes and sells its own product range to meet the needs of our retail and trade customers. More than 95% of the lighting and fan products sold by the Beacon Lighting Group are supplied through the Beacon Lighting supply chain with Distribution Centres in Derrimut (VIC) and Parkinson (QLD). More than 85% of the products sold by the Beacon Lighting Group are exclusively branded.

### 4.2. COVID-19 Impact

The COVID-19 pandemic continued to have an impact on the Beacon Lighting Group throughout FY2021. A prolonged lockdown in Victoria, along with other lockdowns throughout Australia, has had a significant effect upon our team members, retail customers, trade customers, business partners and the community. Beacon Lighting has responded with a number of safety and wellbeing initiatives in response to the constantly changing environment. The Group has maintained social distancing rules, restricted customer numbers in stores, invested in additional extensive cleaning, provided hand sanitisers to all customers, implemented QR codes for all locations and even closed our stores to retail customers. Throughout FY2021, the safety and well being of everyone has been the number one priority of the Beacon Lighting Group.

The COVID-19 pandemic has also impacted upon consumer shopping patterns and priorities. With the working from home trend, increased housing churn and home office upgrades have all increased the importance of our homes to our customers which has been a benefit to Beacon Lighting. The re-platformed Beacon Lighting website, along with home delivery and the click and collect capabilities of our stores have been enthusiastically embraced by our customers. There however remains significant uncertainty associated with the COVID-19 pandemic, the ongoing threats of lockdowns and the impact of the vaccine rollout. It is not possible to forsee whether the outstanding results of FY2021 will continue into the future.

The Beacon Lighting Group did not receive any JobKeeper support from the Federal Government.



## 4.3 FINANCIAL SUMMARY

### 4.3.1 Financial Performance

The Directors' Report includes references to underlying results which exclude the impact of adjustments detailed in this report. The Directors believe the presentation of non-IFRS measures are useful for the users of this financial report as they provide additional insight into the financial performance of the Group. Non-IFRS financial measures contained within this report are not subject to audit or review.

A summary of the Beacon Lighting Group FY2021 statutory result compared to the FY2020 statutory result is presented in the following table

| Consolidated Entity | Statutory FY2021 $'000 | Statutory FY2020 $'000 | Change $'000 | Change % |
|---|---|---|---|---|
| Sales | 288,679 | 251,749 | 36,930 | 14.7% |
| Gross Profit | 197,335 | 160,274 | 37,061 | 23.12% |
| Other Revenue & Income | 817 | 8,834 | (8,017) | (90.8%) |
| Operating Expenses (1) | (112,190) | (106,536) | (5,654) | 5.3% |
| EBITDA | 85,962 | 62,572 | 23,390 | 37.4% |
| EBIT | 59,502 | 38,066 | 21,436 | 56.3% |
| Net Profit After Tax | 37,658 | 22,225 | 15,433 | 69.4% |

(1) Operating Expenses excludes interest, depreciation and amortisation

The FY2021 statutory result Is not directly comparable to the FY2020 statutory result. While there is no adjustment necessary to the FY2021 statutory result, the FY2020 statutory result includes the sale and leaseback of the Parkinson (QLD) Distribution Centre and the closure of Beacon Energy Solutions. A reconciliation of the FY2020 statutory result to the FY2020 underlying result is presented in the following table:

| Consolidated Entity | Statutory FY2020 $'000 | BES[1] $'000 | PDC Sale[2] $'000 | Underlying FY2020[3] $'000 |
|---|---|---|---|---|
| Sales | 251,749 | (1,358) | - | 250,391 |
| Gross Profit | 160,274 | 3,208 | - | 163,482 |
| Other Revenue & Income | 8,834 | - | (7,780) | 1,054 |
| Operating Expenses[4] | (106,536) | 1,915 | - | (104,621) |
| EBITDA | 62,572 | 5,123 | (7,780) | 59,915 |
| EBIT | 38,066 | 5,137 | (7,780) | 35,423 |
| Net Profit After Tax | 22,225 | 3,567 | (5,423) | 20,369 |

(1) Loss for Beacon Energy Solutions (BES) in FY2020 which closed
(2) PDC Sale relates to the profit on sale and leaseback of the Parkinson Distribution Centre in December 2019
(3) FY2020 underlying result to be used as comparison to the FY2021 statutory result
(4) Operating Expenses excludes interest, depreciation and amortisation

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A comparison of the FY2021 statutory result with the FY2020 underlying result is presented in the following table:

| $'000 | Statutory FY2021 $'000 | Underlying FY2020 $'000 | Change $'000 | Change % |
|---|---|---|---|---|
| Sales | 288,679 | 250,391 | 38,288 | 15.3% |
| Gross Profit | 197,335 | 163,482 | 33,853 | 20.7% |
| Other Income | 817 | 1,054 | (237) | (22.5%) |
| Operating Expenses[1] | (112,190) | (104,621) | (7,569) | 7.2% |
| EBITDA | 85,962 | 59,915 | 26,047 | 43.5% |
| EBIT | 59,502 | 35,423 | 24,079 | 68.0% |
| Net Profit After Tax | 37,658 | 20,369 | 17,289 | 84.9% |

(1) Operating Expenses excludes interest, depreciation and amortisation

The financial commentary for the Beacon Lighting Group will compare the FY2021 statutory result to the FY2020 underlying result.



#### 4.3.2 Sales

The Beacon Lighting Group achieved a record sales result with a sales increase of 15.3% to $288.7 million. Underpinning this result was a 13.3% increase in company store comparative sales. The best performing states were Western Australia, Queensland and New South Wales. Beacon International sales also increased by 45.3%, Online sales increased by 60.3% and Trade Loyalty Club sales increased by 50.1%.

#### 4.3.3 Gross Profit Margin

The gross profit margin was 68.4% in FY2021 compared to 65.3% in FY2020. Overall, Beacon Lighting increased the gross profit dollars in FY2021 by $33.9 million compared to FY2020. The gross profit was improved by everyday pricing, improved procurement negotiations and favorable foreign currency movements.

#### 4.3.4 Other Income & Other Revenue

Other income consists of other income and other revenue. Other income has declined by 22.5% in FY2021 as franchised stores continued to be purchased and converted into company stores.

#### 4.3.5 Operating Expenses

Operating expenses increased by 7.2% to $112.2 million. Significant operating leverage was achieved in FY2021, with operating expenses as a percentage of sales declining to 38.9% from 41.8% in FY2020. Expense productivity gains have been achieved across all expense categories. The most significant productivity improvement achieved was for selling and distribution expenses which declined by 2.7% percent of sales to 28.7% of sales in FY2021 from 31.4% in FY2020.

#### 4.3.6 Earnings

In FY2021, the Beacon Lighting Group achieved a record Net Profit After Tax result of $37.7 million representing an increase of 84.9% or $17.3 million over FY2020. The Net Profit After Tax result as a percentage of sales improved to 13.0% in FY2021 compared to 8.1% in FY2020.

#### 4.3.7 Dividends

The Directors of Beacon Lighting have declared an annual fully franked dividend of 8.80 cents per share for FY2021 (compared to 5.00 cents per share for FY2020). For H1 FY2021, the Directors had already declared a fully franked dividend of 4.20 cents per share and for H2 FY2021, the Directors have declared a fully franked dividend of 4.60 cents per share. Going forward, it is expected that the Beacon Lighting Group will continue to have an annual NPAT dividend payout ratio of between 50% and 60%.

#### 4.3.8 Financial Position

The Beacon Lighting Group has generated very strong cash flows throughout FY2021. The Group has used these cash flows to invest $15.2 million in the Large Format Property Fund, paid down borrowings by $13.2 million and propose to pay $19.7 million in dividends that related to FY2021. In a time when it has been difficult to maintain inventory levels, Beacon Lighting has increased inventory to $67.9 million as at 27 June 2021 from $63.1 million as at 28 June 2020. Despite these significant financial activities, the Beacon Lighting Group finished FY2021 with a strong cash balance of $33.8 million.

### 4.4 Business Strategies

Throughout FY2021, the Beacon Lighting Group has continued to focus on four strategic pillars of growth.

#### 4.4.1 Retail

The Beacon Lighting store teams have continued to adapt in delivering outstanding service to our retail customers. For our retail customers, the store teams have changed with the requirements of the COVID-19 pandemic with additional safety measures, contactless click and collect and the introduction of a 3-hour home delivery from most stores.

The Beacon Lighting Group core range of 3,000 products has been enhanced by the introduction of 602 new products in FY2021 that ensures our customers get access to the largest range of lighting and fan products in Australia. Beacon Lighting also has more than 250 Accredited Lighting Design Consultants and 33 Premium Lighting Design Studios which ensures that Beacon Lighting can deliver a unique experience to all customers.

Throughout FY2021, Beacon Lighting has continued to expand the store network to be able to service new customers in new markets. New stores have been opened in Virginia (QLD), Camperdown (NSW), Belmont (WA) and Tweed Heads (NSW). The Ballarat (VIC) franchised store was purchased and turned into a company store.

#### 4.4.2 Trade

Throughout FY2021, the number one sales priority of the Beacon Lighting Group has been to improve our service to our trade customers. For our trade customers, all stores are now opened at 7:30 am to make it more convenient for them to shop at Beacon Lighting. The benefits of the Beacon Trade Club are now available to 8,300 more trade customers in FY2021 with the Club now having 44,100 trade members. The Beacon Lighting team has also developed new trade products which are specifically only available to trade customers. The Group developed a specific trade marketing program to be able to better communicate with our trade customers. With the support of all these initiatives and the Beacon Lighting team, Trade Loyalty Club sales increased by 50.1% in FY2021.

#### 4.4.3 eCommerce

Following a partnership with a new Web-Agency, Beacon Lighting was able to launch many of the Group websites on a new eCommerce platform in FY2021. The new beaconlighting.com.au website was re-platformed in October 2020 with an improved customer experience. With the help of the new website, Beacon Lighting was able to achieve record online sales of $26.0 million in FY2021 representing an increase of 60.3% compared to FY2020. The Beacon Lighting online sales channel continues to be aligned with the 115 Beacon Lighting stores in order to provide retail and trade customers with convenience and choice.

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### 4.4.4 New Business

The Beacon Lighting Group continues to pursue growth in Beacon International, Custom Lighting, Masson For Light, Light Source Solutions and Connected Light Solutions as the emerging businesses. The most promising of these emerging businesses is Beacon International which is a wholesaler of fan and lighting products designed for Australia but sold to customers in international markets. In FY2021, Beacon International sales increased to $12.3 million representing an increase of 45.3%.

In FY2021, the Beacon Lighting Group also acquired a 50% interest in the Large Format Property Fund that owns four large format retail properties in Southport (QLD), Traralgon (VIC), Cannington (WA) and Auburn (NSW). The Cannington (WA) property already has Beacon Lighting and Forty Winks as tenants. Southport (QLD), Traralgon (VIC) and Auburn (NSW) are all development properties which are expected to open in FY2022 and include Beacon Lighting stores.

## 4.5 BUSINESS RISKS

Beacon Lighting is subject to both specific risks to the Group and risks of a general nature which may threaten both the current and future operating and financial performance of the Group and the outcome of an investment in Beacon Lighting. A number of the Group risks are beyond the control and influence of the Directors and management of Beacon Lighting, but the Group has in place mitigation strategies to manage the impact of these risks should those risks occur. The specific material risks faced by the Beacon Lighting and how they are managed are set out in the following sections.

### 4.5.1 Retail Environment and General Economic Conditions

The Beacon Lighting Group is sensitive to the current and future state of the retail environment and general economic conditions. This includes, but is not limited to interest rates, consumer confidence, business confidence, unemployment, property prices, housing churn, dwelling approvals, renovation spends, government policy and natural disasters.

The ongoing COVID-19 pandemic and lockdowns has exposed the Beacon Lighting Group to additional risks. An increase in COVID-19 infections in Australia or overseas can result in lockdowns with consequential impacts upon customer demand, product supply and foreign currency volatility. A COVID-19 outbreak in a Store, Commercial Office, Distribution Centre or the Store Support Centre may have a significant operational impact upon the Group.

Beacon Lighting plans to manage the Group according to the current environment. The Group will also maintain a conservative cash position and bank facilities to support the Group in a time of need.

### 4.5.2 Product Sourcing, Quality and Supply

Beacon Lighting is a vertically integrated business which relies upon key agents, factory relationships and quality assurance processes to ensure continuity of product supply. Beacon Lighting will continue to work on the supply chain so that it does not become critically dependant upon any one external third party. Beacon Lighting will consider additional investment in safety stocks, additional internal resources throughout the supply chain and diversifying sources of supply where appropriate.

### 4.5.3 Management Systems

The Beacon Lighting Group have several management systems which are critical to the ongoing operations of the Group. It is important that these management systems are secure and fit for purpose. The Group needs to ensure that there is appropriate security, backup and recovery capabilities in place to safeguard the ongoing operation of our management systems.

### 4.5.4 Foreign Currency Rates

Most goods purchased and imported by Beacon Lighting into Australia are purchased in USD. As a result, the Group is exposed to fluctuations in the AUD/USD exchange rate. Beacon Lighting mitigates this risk by managing selling prices to our customers and from a cost perspective, carrying all domestic stock in Australia in AUD and by using FX forward contracts to secure future FX positions.

### 4.5.5 Strategic Pillars of Growth

The Beacon Lighting Group has several strategic pillars of growth. There is no guarantee that these pillars will succeed, be subject to delays or cost over-runs. Beacon Lighting will continue to invest in and support the strategic pillars that will increase the Group value in the long term. If a strategic pillar cannot add value to the Group in the long term, then resources will be reallocated to other strategic pillars.

### 4.5.6 Competition

Beacon Lighting operates in a competitive retail market which is subject to moderate barriers to entry, changing competitor behaviour and retail and trade customer preferences. Beacon Lighting believes that with its vertically integrated business model and its business strategies, the Group remains well positioned to maintain its leading retail market position, grow the trade market position in Australia and grow the wholesale market position internationally.

### 4.5.7 Environment

The Group is not affected by any significant environmental regulation in respect of its operations. However ongoing concerns regarding global warming could have an adverse impact on the business.

## 5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During FY2021, Beacon Lighting Group acquired a 50% interest in the Large Format Property Fund at a value of $15,225,500. The Large Format Property Fund is currently 50% owned by the Beacon Lighting Group and 50% owned by Rebeach Pty Ltd which is controlled by the Robinson Family. During FY2021 the Fund established four sub funds to acquire four properties.

During FY2021, Farrlong Pty Ltd as trustee for the Bacalla Trust which is controlled by the Robinson Family subscribed for 55% of the shares of Large Format Management Company Pty Ltd which is the trustee, property manager and fund manager of the Large Format Property Fund. The Beacon Lighting Group holds the remaining 45% (previously 100%).

In addition to this announcement there were no other significant changes in the state of the affairs of the Group.

## 6. DIRECTORS' MEETINGS

The numbers of meetings of the Group's Board of Directors held during the financial period ended 27 June 2021, and the numbers of meetings attended by each Director were:

| | DIRECTOR'S MEETINGS | | COMMITTEE MEETINGS | | | |
|---|---|---|---|---|---|---|
| | | | AUDIT | | REMUNERATION & NOMINATION | |
| DIRECTOR | H | A | H | A | H | A |
| I Robinson | 13 | 13 | - | - | 3 | 3 |
| G Robinson | 13 | 13 | 4 | 4 | - | - |
| E Barr | 13 | 13 | 4 | 4 | 3 | 3 |
| N Osborne | 13 | 13 | 4 | 4 | 3 | 3 |

H = Number of meetings held during the time the Director held office or was a member of the committee during the period.
A = Number of meetings attended.

## 7. DIRECTORS' INTERESTS IN SHARES

The relevant interest of each Director in the Company, as notified by the Directors to the ASX in accordance with section 205G(l) of the Corporations Act 2001 (Cth), at the date of the report is as follows:

| Director | Ordinary Shares in the Company |
|---|---|
| I Robinson [1] | 123,890,740 |
| G Robinson [1] | 123,890,740 |
| E Barr | 225,000 |
| N Osborne | 300,000 |

(1) Heystead Nominees and other Robinson Family member interests

## 8. DIRECTORS' INTERESTS IN CONTRACTS

Directors' interests in contracts are disclosed in Note 33 of the financial statements.

## 9. DIVIDENDS

Dividends paid to members during the financial period were as follows:

| Consolidated Entity | Actual FY2021 $'000 | Actual FY2020 $'000 |
|---|---|---|
| Fully franked dividends provided or paid during the period | 14,696 | 10,110 |

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## 10. INSURANCE OF OFFICERS

### 10.1. Indemnification of Directors

The Group has indemnified each Director and external consultant referred to in this Report, the Company Secretary and previous Directors and Officers against all liabilities or loss (other than to the Group or a related body corporate) that may arise from their position as Officers of the Group and its controlled entities, except where the liability arises out of conduct involving a lack of good faith or where indemnification is otherwise not permitted under the Corporations Act. The indemnity stipulates that the Group will meet the full amount of any such liabilities, including costs and expenses, and covers an Officer after ceasing to be an Officer of the Group. The indemnity is contained in a Deed of Access, Insurance and Indemnity, which also gives each officer access to the Group's books and records.

The Group has also indemnified the current and previous Directors of its controlled entities and certain members of the Company's senior management for all liabilities or loss (other than to the Group or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith or where indemnification is otherwise not permitted under the Corporations Act.

### 10.2. Insurance Premiums

During the financial period, Beacon Lighting Group Limited paid a premium of $198,108 to insure the Directors and Officers of the Group against any loss which he/she becomes legally obligated to pay on account of any claim first made against him/her during the policy period.

## 11. INDEMNITY OF AUDITORS

Beacon Lighting Group Limited has agreed to indemnify their auditors, PricewaterhouseCoopers (PwC), to the extent permitted by law, against any claim by a third party arising from Beacon Lighting Group Limited's breach of their agreement. The indemnity stipulates that Beacon Lighting Group Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

## 12. 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 Group for all or part of those proceedings.

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

## 13. EVENTS SUBSEQUENT TO REPORTING DATE

During July and August 2021, significant trading restrictions have been implemented across Australia which has impacted upon the trading results. Generally, retail and trade customers can continue shopping online and avail themselves to home delivery or contact free click and collect. This has had no material effect on the financial statements for the 52 weeks ended 27 June 2021.

Ian Bunnett, Managing Director – Sales has resigned and will be leaving the Beacon Lighting Group in August 2021. His responsibilities have been allocated to other Executives.

A fully franked dividend of $10,272,785 was declared on 18 August 2021.

Other than the above, there has been no other matter or circumstance that has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

## 14. AUDIT SERVICES

### 14.1. Auditor's Independence Declaration

The auditor's independence declaration to the Directors of the Consolidated Entity in relation to the auditor's compliance with the independence requirements of the Corporations Act 2001 (Cth) and the professional code of conduct for external auditors, forms part of the Directors' Report.

No person who was an officer of the Consolidated Entity during the financial year was a Director or Partner of the Consolidated Entity's external auditor.



### 14.2 Audit and Non-Audit Services Provided by the External Auditor

During the 52 weeks ended 27 June 2021, the following fees were paid or were due and payable for services provided by the external auditor, PwC, of the Consolidated Entity:

| Consolidated Entity | FY2021 $ | FY2020 $ |
|---|---|---|
| ***Audit & Assurance Services*** | | |
| Audit & review of financial statements | 252,700 | 248,600 |
| ***Other Services*** | | |
| Tax compliance services | 44,300 | 32,000 |
| Other Services | 8,745 | 17,200 |
| **Total Remuneration of PwC** | **305,745** | **297,800** |

In addition to their statutory audit duties, PwC provided taxation services to the Group.

The Board has a review process in relation to non-audit services provided by the external auditor. The Board considered the non-audit services provided by PwC and, in accordance with written advice provided, and endorsed, by a resolution of the Audit Committee, is satisfied that the provision of these non-audit services by the auditor is compatible with, and does not compromise, the auditor independence requirements of the Corporations Act 2001 (Cth) for the following reasons:

- All non-audit services are subject to the corporate governance procedures adopted by the Group and are reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor.
- Non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they do not involve reviewing or auditing the auditor's own work, aiding in a management or decision making capacity for the Group, acting as an advocate for the Company or jointly sharing risks and rewards with the Group.

## 15. AUDITOR

PwC continues in office in accordance with section 327 of the Corporations Act 2001 (Cth).

## 16. ROUNDING OF AMOUNTS

The Group has relied on the relief provided by ASIC Corporations Instrument 2016/191, and in accordance with that Instrument, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## 17. REMUNERATION REPORT

### 17.1. Remuneration Policy and Link to Performance

The Board recognises that the performance of the Group depends on the quality and motivation of our associates, including the senior management and our more than 1,100 associates employed by the Group across Australia and Internationally. The Group remuneration strategy therefore seeks to appropriately attract, reward and retain associates at all levels in the business, but in particular for management and key executives. The Board aims to achieve this by establishing executive remuneration packages that include a mix of fixed remuneration and short term incentives.

The Board has appointed the Remuneration and Nomination Committee whose objective is to assist the Board in relation to the Group remuneration strategy, policies and actions. In performing this responsibility, the Committee must give appropriate consideration to the Group's performance and objectives, employment conditions and external remuneration relativities. The Committee reviews and determines our remuneration policy and structure annually to ensure it remains aligned to business needs and meets the Group's remuneration principles. No specific advice or recommendations were sought from remuneration consultants during the 52 weeks ended 27 June 2021.

The remuneration framework for senior executives comprises a mix of both fixed and variable remuneration components. Variable remuneration may be delivered in the form of cash and performance rights or options, subject to the achievement of short term performance targets. An outline of the remuneration framework is set out on page 21.

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*Remuneration Framework*

| Element | Purpose | Performance Metrics | Potential Value | Changes for FY2020 | Link to Performance |
|---|---|---|---|---|---|
| **Fixed Remuneration** | Provide competitive market salary including superannuation and non-monetary benefits | Nil | Positioned at competitive market rates | No change | Consolidated Group as well as individual performance are considered during the annual review of fixed remuneration |
| **Short Term Incentive (Cash Bonus)** | Reward for in year performance | Budgeted Net Profit After Tax (NPAT) | 200% of the executives on target cash bonus* | No change | NPAT measures as determined by the Board |
| **Short Term Incentive (Performance Rights or Options)** | Reward for in year performance | Budgeted Net Profit After Tax (NPAT) | 125% of the executives on target cash bonus* | No change | Grants are subject to achieving budgeted performance and vesting is subject to the executive remaining employed by the Group at the vesting date |

*On target cash bonus is the bonus as stipulated in the executives' service agreements

*Remuneration Approach*

The proportion of fixed and variable remuneration is established for Key Management Personnel (KMP) by the Board following recommendations from the Remuneration and Nomination Committee which are subject to Board approval. For FY2021 these are:

| | Fixed Remuneration % | Short Term Incentive (Cash Bonus) % | Short Term Incentive (Performance Rights or Options) % | Total % |
|---|---|---|---|---|
| Executive Chairman | 100.00% | 0.00% | 0.00% | 100.00% |
| Chief Executive Officer | 56.69% | 31.41% | 11.90% | 100.00% |
| Managing Director – Sales | 69.16% | 22.31% | 8.53% | 100.00% |
| Chief Financial Officer | 69.89% | 21.78% | 8.33% | 100.00% |
| Chief Operating Officer | 66.65% | 24.13% | 9.22% | 100.00% |

The Remuneration and Nomination Committee is responsible for assessing performance against KPIs and determining the STIs to be paid or issued. To assist in this assessment, the Committee receives detailed financial reports from management which are based on independently verifiable financial statements.

In the event of serious misconduct or material misstatement in the Group's financial statements the remuneration committee can cancel performance based remuneration and may also claw back performance based remuneration paid in previous financial years.

### 17.2 Principles Used to Determine the Nature and Amount of Remuneration

**(a) Directors' Fees**

The Executive Chairman and the Chief Executive Officer do not receive Directors' fees but are remunerated as executives within the business.

The Deputy Chairman and the Non-Executive Director are entitled to receive annual fees of $122,000 and $112,000 respectively. These fees are inclusive of their relevant responsibilities on the various Group Committees and are also inclusive of superannuation. These fees exclude any additional fees for special services which may be determined from time to time. No additional retirement benefits are payable.

The Non-Executive Director fees are reviewed annually to ensure that the fees reflect market rates. There are no guaranteed annual increases in any Directors' fees. The Executive Chairman and Non-Executive Directors do not participate in the short or long term incentive schemes.

**(b) Executive Remuneration**

The current executive salary and reward framework has three components:

1. Fixed Remuneration.

2. Short Term Incentive (Cash Bonus).

3. Short Term Incentive (Performance Rights or Options).

The combination of these components comprises the executives' total remuneration.

For the 52 weeks ended 27 June 2021, the Group did not have a long term incentive program in place.

**1. Fixed Remuneration**

Executive base salaries are structured as a part of the total employment remuneration package which comprises the fixed component of pay and other financial benefits being car allowances. Fixed remuneration includes superannuation which is paid in accordance with legislated amounts.

Fixed remuneration for executives is reviewed annually to provide competitiveness with the market, whilst also taking into account capability, experience, value to the organisation and performance of the individual. There are no guaranteed base salary increases included in executive contracts. An executive's remuneration is also reviewed on promotion.

In FY2021 fixed remuneration was increased for the five executives at an average increase of 6.03%. This was done to align remuneration with comparative roles.

**2. Short Term Incentive (Cash Bonus)**

Executives including the Chief Executive Officer but not the Executive Chairman are eligible to participate in an annual short term cash incentive which delivers rewards by way of cash bonuses, subject to the achievement of the Group financial performance targets.

The Group's Net Profit After Tax (NPAT) result has been determined as the appropriate financial performance target to trigger the payment of cash incentives for each period. The amount of any short term cash incentive paid in a year is dependent upon the level of performance achieved against the Group's NPAT budget for the year. The Board considers NPAT to be an appropriate performance measure as it aligns the Group's remuneration philosophy with creating value, and is within the scope of influence of participants.

*Structure of Short Term Cash Incentive Plan*

| Feature | Description |
|---|---|
| Maximum Opportunity | 200% of on target cash bonus value |
| Performance Metric | Budgeted NPAT |
| Delivery of STI | 100% of STI award is paid in cash after the financial results have been audited and approved by the Board |
| Board Discretion | The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing down to zero if appropriate |

**3. Short Term Incentive (Performance Rights or Options).**

During the 52 weeks ended 27 June 2021 the Group continued to maintain a short term performance rights incentive plan and a short term incentive option plan. Executives including the Chief Executive Officer but excluding the Executive Chairman are eligible to participate in the plans subject to the achievement of the Group financial performance targets. The plans provide the opportunity to obtain shares or cash at the directors' discretion, subject to meeting the relevant conditions including remaining an employee at no cost to the executive. 100% of the grants are assessed by financial measures (subject to the right of the directors to adjust remuneration outcomes to prevent inappropriate outcomes). The financial measure used is the Group's NPAT result against the Group's NPAT budget. This is tested annually. The Board considers NPAT to be an appropriate performance measure as it aligns the Group's remuneration philosophy with creating value and is within the scope of influence of participants.

The Board will review the nature of potential issues of performance incentives moving forward to reflect market practice and to reflect the principles underlying the Group's remuneration policy.

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*Structure of Short Term Performance Rights and Options Incentive Plans*

| Feature | Description |
|---|---|
| Maximum Opportunity | 125% of on target cash bonus value |
| Performance Metric | Budgeted NPAT |
| Delivery of STI | 33.34% of STI performance rights and options award vest after the financial results have been audited and approved by the Board. 33.33% in twelve months and 33.33% in 24 months if the executive remains an employee of the Group at that time |
| Board Discretion | The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing down to zero if appropriate, subject to the terms of the plan |

**17.3 FY2021 Performance and Impact on Remuneration**

Beacon Lighting's NPAT financial performance in FY2021 exceeded the FY2021 budget. For the 52 weeks ended 27 June 2021, the Group's financial performance targets were met when compared to budget. Senior management will be awarded with available short term cash incentive and the short term (performance rights or options), subject to Board approval.

**17.4 Statutory Performance Indicators**

Beacon Lighting aims to align executive remuneration to strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last five years as required by the Corporations Act 2001 (Cth). The table below shows improvement in the Group's performance over that period generating significant benefits for shareholders both in terms an appreciating share price and the payment of dividends.

*Statutory Key Performance Indicators of the Group*

| | **FY2021** | FY2020 | FY2019 | FY2018 | FY2017 |
|---|---|---|---|---|---|
| Net profit after tax ($'000) | **37,658** | 22,225 | 16,044 | 19,590 | 16,644 |
| Basic earnings per share (cents) | **16.94** | 10.11 | 7.37 | 9.09 | 7.73 |
| Dividend payments ($'000) | **14,696** | 10,110 | 10,986 | 10,577 | 10,224 |
| Share Price (Year End) | **1.86** | 1.08 | 1.04 | 1.54 | 1.38 |

**17.5. Details of Remuneration**

The following executives along with the Directors are identified as key management personnel with the authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly, during the financial year.

Ian Robinson Executive Chairman

Glen Robinson Chief Executive Officer

Ian Bunnett Managing Director - Sales

David Speirs Chief Financial Officer

Barry Martens Chief Operating Officer

All of the above executives were employed by Beacon Lighting and were key management personnel for the entire 52 weeks ended 27 June 2021 and the 52 weeks ended 28 June 2020 unless otherwise stated.

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The details of the remuneration of the Directors and other key management personnel for the Beacon Lighting Group Limited and the consolidated entity for the current and prior financial periods are set out in the following table:

| | Fixed Remuneration | | | | Variable Remuneration | | |
|---|---|---|---|---|---|---|---|
| | Cash Salary & Fees $ | Non-Monetary Benefits $ | Post Employment Super Contributions $ | Annual & Long Service Leave $ | Cash Performance Based Payment $ | Share Based Payments $ | Total |
| **DIRECTORS** | | | | | | | |
| **I Robinson (Executive Chairman)** | | | | | | | |
| 2021 | 192,728 | - | 17,397 | 1,369 | - | - | 211,494 |
| 2020 | 192,728 | - | 17,397 | (12,947) | - | - | 197,178 |
| **G Robinson (Chief Executive Officer)** | | | | | | | |
| 2021 | 381,815 | - | 21,694 | (17,317) | 214,000 | 81,098 | 681,290 |
| 2020 | 346,427 | - | 21,002 | (8,243) | 137,214 | 22,737 | 519,137 |
| **E Barr (Non-Executive)** | | | | | | | |
| 2021 | 106,358 | - | 10,104 | - | - | - | 116,462 |
| 2020 | 100,457 | - | 9,543 | - | - | - | 110,000 |
| **N Osborne (Non-Executive)** | | | | | | | |
| 2021 | 97,225 | - | 9,236 | - | - | - | 106,461 |
| 2020 | 91,324 | - | 8,676 | - | - | - | 100,000 |
| **Total Remuneration Directors** | | | | | | | |
| **2021** | **778,126** | **-** | **58,431** | **(15,948)** | **214,000** | **81,098** | **1,115,707** |
| 2020 | 730,936 | - | 56,618 | (21,190) | 137,214 | 22,737 | 926,315 |
| **EXECUTIVES** | | | | | | | |
| **I Bunnett (Managing Director – Sales)** | | | | | | | |
| 2021 | 289,400 | - | 21,694 | (1,137) | 100,000 | 38,249 | 448,206 |
| 2020 | 277,149 | - | 21,002 | 11,320 | 73,121 | 13,001 | 395,593 |
| **D Speirs (Chief Financial Officer)** | | | | | | | |
| 2021 | 289,296 | - | 21,694 | 9,934 | 100,000 | 38,249 | 459,173 |
| 2020 | 276,283 | - | 21,002 | 6,309 | 74,008 | 13,001 | 390,603 |
| **B Martens (Chief Operating Officer)** | | | | | | | |
| 2021 | 249,072 | - | 21,694 | 5,485 | 100,000 | 38,249 | 414,500 |
| 2020 | 240,925 | - | 21,002 | (11,283) | 72,931 | 13,001 | 336,576 |
| **Total Remuneration Executives** | | | | | | | |
| **2021** | **827,768** | **-** | **65,082** | **14,282** | **300,000** | **114,747** | **1,321,879** |
| 2020 | 794,357 | - | 63,006 | 6,346 | 220,060 | 39,003 | 1,122,772 |

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### 17.6. Share Based Compensation

The number of performance rights granted to the Chief Executive are set out below:

| | Grant Date | Quantity Granted | Vest Date | Value at Grant Date $ | Vested % | Quantity Vested & Exercisable | Quantity Unvested | Quantity Exercised | Value Expensed this Year $ |
|---|---|---|---|---|---|---|---|---|---|
| G Robinson | 24/06/2016 | 22,107 | Refer below | 43,750 | 100.00% | 22,107 | - | 22,107 | - |
| | 18/08/2016 | 23,603 | Refer below | 32,100 | 100.00% | 23,603 | - | 23,603 | - |
| | 24/08/2017 | 39,338 | Refer below | 53,500 | 100.00% | 39,338 | - | 26,227 | - |
| | 16/08/2018 | 71,333 | Refer below | 109,140 | 100.00% | 71,333 | - | 23,783 | 2,235 |
| | 20/08/2020 | 99,074 | Refer below | 107,000 | 33.33% | 33,032 | 66,042 | - | 78,863 |
| **Total** | | **255,455** | | **345,490** | | **189,413** | **66,042** | **95,720** | **81,098** |

The fair value of performance rights granted on 24 June 2016 (grant date) was $1.979, with a final vesting date of 28 August 2017.

The fair value of performance rights granted on 18 August 2016 (grant date) was $1.360, with a final vesting date of 25 August 2018. All unvested performance rights will vest on 25 August 2018 provided the executive remains employed by the Group at the vesting date.

The fair value of performance rights granted on 24 August 2017 (grant date) was $1.360, with a final vesting date of 25 August 2020. All unvested performance rights will vest on 25 August 2020 provided the executive remains employed by the Group at the vesting date.

The fair value of performance rights granted on 16 August 2018 (grant date) was $1.530, with a final vesting date of 16 August 2020. All unvested performance rights will vest on 16 August 2020 provided the executive remains employed by the Group at the vesting date.

The fair value of performance rights granted on 20 August 2020 (grant date) was $1.080, with a final vesting date of 20 August 2022. All unvested performance rights will vest on 20 August 2022 provided the executive remains employed by the Group at the vesting date.

The performance rights have a zero exercise price. Subject to meeting the relevant vesting conditions. If shares are issued, they will be issued at no cost to the executive. In the event an executive leaves the Group prior to the vesting date the performance rights will generally lapse, except at the discretion of the Directors.



The number of options over shares in the Group granted to the Key Management Personnel are set out below.

| | Grant Date | Quantity Granted | Vest Date | Value at Grant Date $ | Vested % | Quantity Vested & Exercisable | Quantity Unvested | Quantity Exercised | Value Expensed this Year $ |
|---|---|---|---|---|---|---|---|---|---|
| I Bunnett | 24/06/2016 | 31,582 | Refer below | 40,740 | 100.00% | 31,582 | - | 31,582 | - |
| | 18/08/2016 | 11,029 | Refer below | 15,000 | 100.00% | 11,029 | - | 7,720 | - |
| | 24/08/2017 | 18,382 | Refer below | 25,000 | 100.00% | 18,382 | - | - | 353 |
| | 16/08/2018 | 33,333 | Refer below | 51,000 | 100.00% | 33,333 | - | - | 1,045 |
| | 20/08/2020 | 46,296 | Refer below | 50,000 | 33.33% | 15,430 | 30,866 | - | 36,851 |
| D Speirs | 24/06/2016 | 31,582 | Refer below | 40,740 | 100.00% | 31,582 | - | 31,582 | - |
| | 18/08/2016 | 11,029 | Refer below | 15,000 | 100.00% | 11,029 | - | 11,029 | - |
| | 24/08/2017 | 18,382 | Refer below | 25,000 | 100.00% | 18,382 | - | 12,867 | 353 |
| | 16/08/2018 | 33,333 | Refer below | 51,000 | 100.00% | 33,333 | - | 22,223 | 1,045 |
| | 20/08/2020 | 46,296 | Refer below | 50,000 | 33.33% | 15,430 | 30,866 | - | 36,851 |
| B Martens | 24/06/2016 | 31,582 | Refer below | 40,740 | 100.00% | 31,582 | - | 31,582 | - |
| | 18/08/2016 | 11,029 | Refer below | 15,000 | 100.00% | 11,029 | - | 11,029 | - |
| | 24/08/2017 | 18,382 | Refer below | 25,000 | 100.00% | 18,382 | - | 12,867 | 353 |
| | 16/08/2018 | 33,333 | Refer below | 51,000 | 100.00% | 33,333 | - | 22,223 | 1,045 |
| | 20/08/2020 | 46,296 | Refer below | 50,000 | 33.33% | 15,430 | 30,866 | - | 36,851 |
| **Total** | | **421,866** | | **545,220** | | **329,269** | **92,598** | **194,704** | **114,747** |

The fair value of options granted on 24 June 2016 (grant date) was $1.290. 40% vested on 26 June 2017, 30% vested on 25 August 2017 and 30% vest on 25 August 2018, in each case provided that the executive remains employed by the Group at the vesting date. The options expire on 24 June 2031.

The fair value of options granted on 18 August 2016 (grant date) was $1.360. 40% vested on 18 August 2017, 30% vest on 18 August 2018 and 30% vest on 18 August 2019, in each case provided that the executive remains employed by the Group at the vesting date. The options expire on 24 June 2031.

The fair value of options granted on 24 August 2017 (grant date) was $1.360. 40% vest on 24 August 2018, 30% vest on 24 August 2019 and 30% vest on 24 August 2020, in each case provided that the executive remains employed by the Group at the vesting date. The options expire on 24 June 2031.

The fair value of options granted on 16 August 2018 (grant date) was $1.530. 33.34% vest on 16 August 2018, 33.33% vest on 16 August 2019 and 33.33% vest on 16 August 2020, in each case provided that the executive remains employed by the Group at the vesting date. The options expire on 24 June 2031.

The fair value of options granted on 20 August 2020 (grant date) was $1.080. 33.34% vest on 20 August 2020, 33.33% vest on 20 August 2021 and 33.33% vest on 20 August 2022, in each case provided that the executive remains employed by the Group at the vesting date. The options expire on 24 June 2031.

The options have a zero exercise price. Subject to meeting the relevant vesting conditions, shares will be issued at no cost to the executive. In the event an executive leaves the Group prior to the vesting date the options will generally lapse, except at the discretion of the Directors.

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### 17.7 Share Holdings

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

| | Balance at Start of Year | Received During Year[1] | Purchase of Shares | DRP Issue[2] | Sales of Shares | Balance at End of Year |
|---|---|---|---|---|---|---|
| **DIRECTORS** | | | | | | |
| **I Robinson (Executive Chairman)[3]** | | | | | | |
| 2021 | 122,479,786 | - | - | 1,278,029 | - | 123,757,815 |
| 2020 | 120,928,332 | - | - | 1,551,454 | - | 122,479,786 |
| **G Robinson (Chief Executive Officer)** | | | | | | |
| 2021 | 130,211 | - | - | 2,714 | - | 132,925 |
| 2020 | 125,756 | - | - | 4,455 | - | 130,211 |
| **E Barr (Non-Executive)** | | | | | | |
| 2021 | 200,000 | - | 25,000 | - | - | 225,000 |
| 2020 | 200,000 | - | - | - | - | 200,000 |
| **N Osborne (Non-Executive)** | | | | | | |
| 2021 | 300,000 | - | - | - | - | 300,000 |
| 2020 | 300,000 | - | - | - | - | 300,000 |
| **EXECUTIVES** | | | | | | |
| **I Bunnett (Managing Director – Sales)** | | | | | | |
| 2021 | 103,276 | - | - | - | 60,000 | 43,276 |
| 2020 | 63,974 | 39,302 | - | - | - | 103,276 |
| **D Speirs (Chief Financial Officer)** | | | | | | |
| 2021 | 161,653 | - | - | 3,369 | 50,000 | 115,022 |
| 2020 | 79,581 | 77,701 | - | 4,371 | - | 161,653 |
| **B Martens (Chief Operating Officer)** | | | | | | |
| 2021 | 146,220 | - | - | - | - | 146,220 |
| 2020 | 68,519 | 77,701 | - | - | - | 146,220 |
| **Total** | | | | | | |
| **2021** | **123,521,146** | **-** | **25,000** | **1,284,112** | **110,000** | **124,720,258** |
| 2020 | 121,766,162 | 194,704 | - | 1,560,280 | - | 123,521,146 |

(1) Shares received during the year were a result of performance rights being exercised under the STI Plan.
(2) Shares received during the year as a result of participating in the Dividend Reinvestment Plan.
(3) Heystead Nominees Pty Ltd and other Robinson Family member interests, excluding Glen Robinson.

### 17.8 Service Agreements

All executives are employed on terms consistent with the remuneration framework outlined in this report. Each of the relevant executive agreements is for a continuing term but may be terminated by either party with a required notice period of 12 weeks. These agreements do not provide for any termination payments other than payment in lieu of notice.

| Name | Contract Type | Notice of termination by Group | Employee notice |
|---|---|---|---|
| **G Robinson** | Rolling contract | 12 weeks | 12 weeks |
| **I Bunnett** | Rolling contract | 12 weeks | 12 weeks |
| **D Speirs** | Rolling contract | 12 weeks | 12 weeks |
| **B Martens** | Rolling contract | 12 weeks | 12 weeks |

### 17.9 Voting of Shareholders at Last Year's Annual General Meeting

Beacon Lighting Group received more than 90% of yes votes on its remuneration report for FY2020. The Group did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

Signed in accordance with a resolution of Directors



**Ian Robinson**
Executive Chairman



**Glen Robinson**
Chief Executive Officer

Melbourne,
18 August 2021

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# AUDITOR'S *Independence Declaration*

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## *Auditor's Independence Declaration*

As lead auditor for the audit of Beacon Lighting Group Limited for the 52 week period ended 27 June 2021, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Beacon Lighting Group Limited and the entities it controlled during the period.

Jason Perry
Partner
PricewaterhouseCoopers

Melbourne
18 August 2021

***PricewaterhouseCoopers, ABN 52 780 433 757***
*2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001*
*T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au*
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# INDEX to the Financial Statements

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| | Page |
|---|---|
| **Consolidated Statement of Comprehensive Income** | **31** |
| **Consolidated Balance Sheet** | **32** |
| **Consolidated Statement of Changes in Equity** | **33** |
| **Consolidated Statement of Cash Flows** | **34** |
| **Notes to the Consolidated Financial Statements** | |
| 1. Summary of Significant Accounting Policies | 35 |
| 2. Financial Risk Management | 43 |
| 3. Segment Information | 48 |
| 4. Revenue from Ordinary Activities and Other Revenue | 49 |
| 5. Other Income | 49 |
| 6. Expenses | 50 |
| 7. Income Tax Expense | 51 |
| 8. Cash and Cash Equivalents | 52 |
| 9. Trade and Other Receivables | 52 |
| 10. Inventories | 54 |
| 11. Derivative Financial Instruments | 55 |
| 12. Other Current Assets | 57 |
| 13. Property, Plant and Equipment | 57 |
| 14. Investments Accounted for Using the Equity Method | 58 |
| 15. Deferred Tax Assets | 59 |
| 16. Intangible Assets | 60 |
| 17. Trade and Other Payables | 61 |
| 18. Current Borrowings | 62 |
| 19. Current Provisions | 62 |
| 20. Current Tax Liabilities | 64 |
| 21. Non Current Borrowings | 64 |
| 22. Non Current Provisions | 65 |
| 23. Leases | 65 |
| 24. Contributed Equity | 67 |
| 25. Reserves and Retained Profits | 68 |
| 26. Dividends | 70 |
| 27. Key Management Personnel Disclosures | 71 |
| 28. Share Based Payments | 71 |
| 29. Earnings Per Share | 73 |
| 30. Remuneration of Auditors | 73 |
| 31. Contingencies | 73 |
| 32. Commitments | 74 |
| 33. Related Party Transactions | 74 |
| 34. Subsidiaries | 76 |
| 35. Events Occurring After the Reporting Period | 79 |
| 36. Cash Flow Information | 80 |
| 37. Critical Accounting Estimates | 81 |
| 38. Parent Entity Financial Information | 81 |
| 39. Deed of Cross Guarantee | 82 |

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 52 weeks ended 27 June 2021 and the 52 weeks ended 28 June 2020 Beacon Lighting Group and its controlled entities.

| Consolidated Entity | Notes | FY2021 $'000 | FY2020 $'000 |
|---|---|---|---|
| **REVENUE FROM CONTRACTS WITH CUSTOMERS** | | | |
| Sale of goods | 4 | **288,679** | 251,749 |
| Other revenue | 4 | **635** | 800 |
| **Total revenue from contracts with customers** | 4 | **289,314** | 252,549 |
| Other income | 5 | **182** | 8,034 |
| **EXPENSES** | 6 | | |
| Cost of sales of goods | | **(91,344)** | (91,475) |
| **Other expenses from ordinary activities** | | | |
| Marketing | | **(13,045)** | (13,535) |
| Selling and distribution | | **(108,345)** | (102,381) |
| General and administration | | **(17,260)** | (15,126) |
| Finance costs | 6 | **(5,744)** | (6,179) |
| **PROFIT BEFORE INCOME TAX** | | **53,758** | 31,887 |
| Income tax expense | 7 | **(16,100)** | (9,662) |
| **PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE MEMBERS OF THE PARENT ENTITY** | | **37,658** | 22,225 |
| **Profit is attributable to:** | | | |
| Owners of Beacon Lighting Group Limited | | **37,630** | 22,225 |
| Non-controlling interests | | **28** | - |
| | | **37,658** | 22,225 |
| **Other comprehensive income - Items that may be reclassified to profit or loss:** | | | |
| Changes in the fair value of derivatives | 25(a) | **1,195** | (294) |
| Exchange differences on translation of foreign operations | 25(a) | **(200)** | 231 |
| Income tax relating to these items | | **(298)** | 19 |
| **Other comprehensive income for the period, net of tax** | | **697** | (44) |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE MEMBERS OF THE PARENT ENTITY** | | **38,355** | 22,181 |
| **Total comprehensive income is attributable to:** | | | |
| Owners of Beacon Lighting Group Limited | | **38,327** | 22,181 |
| Non-controlling interests | | **28** | - |
| | | **38,355** | 22,181 |
| **EARNINGS PER SHARE** | | **CENTS** | CENTS |
| Basic earnings per share | 29 | **16.94** | 10.11 |
| Diluted earnings per share | 29 | **16.92** | 10.10 |

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying Notes.

# CONSOLIDATED BALANCE SHEET

As at 27 June 2021 and as at 28 June 2020 Beacon Lighting Group and its controlled entities.

| Consolidated Entity | Notes | FY2021 $'000 | FY2020 $'000 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 8 | **33,830** | 44,856 |
| Trade and other receivables | 9 | **7,788** | 8,620 |
| Inventories | 10 | **67,936** | 63,082 |
| Other current assets | 12 | **1,337** | 1,496 |
| **Total current assets** | | **110,891** | 118,054 |
| **NON-CURRENT ASSETS** | | | |
| Financial assets at fair value through profit or loss | | **213** | - |
| Investments in associates | 14 | **15,241** | - |
| Property, plant and equipment | 13 | **35,252** | 32,847 |
| Right of use assets | 23 | **100,746** | 88,719 |
| Intangible assets | 16 | **13,738** | 12,953 |
| Other non-current assets | | **416** | 1,238 |
| Deferred tax assets | 15 | **13,528** | 13,403 |
| **Total non-current assets** | | **179,134** | 149,160 |
| **TOTAL ASSETS** | | **290,025** | 267,214 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 17 | **23,417** | 22,132 |
| Borrowings | 18 | **18,617** | 17,197 |
| Derivative financial instruments | 11 | **18** | 855 |
| Provisions | 19 | **9,413** | 8,097 |
| Current tax liabilities | 20 | **2,666** | 4,464 |
| Lease liabilities | 23 | **25,079** | 23,242 |
| **Total current liabilities** | | **79,210** | 75,987 |
| **NON-CURRENT LIABILITIES** | | | |
| Borrowings | 21 | **-** | 13,200 |
| Lease liabilities | 23 | **97,680** | 90,076 |
| Provisions | 22 | **939** | 983 |
| **Total non-current liabilities** | | **98,619** | 104,259 |
| **TOTAL LIABILITIES** | | **177,829** | 180,246 |
| **NET ASSETS** | | **112,196** | 86,968 |
| **EQUITY** | | | |
| Contributed equity | 24 | **72,312** | 70,258 |
| Other reserves | 25(a) | **(43,355)** | (43,567) |
| Retained earnings | 25(b) | **83,239** | 60,277 |
| **TOTAL EQUITY** | | **112,196** | 86,968 |

The above consolidated balance sheet should be read in conjunction with the accompanying Notes.

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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**For the 52 weeks ended 27 June 2021 and the 52 weeks ended 28 June 2020 Beacon Lighting Group and its controlled entities.**

| Consolidated Entity | Notes | Contributed Equity $'000 | Reserves $'000 | Retained Earnings $'000 | Total Equity $'000 |
|---|---|---|---|---|---|
| **Balance as at 28 June 2020** | | **70,258** | **(43,567)** | **60,277** | **86,968** |
| Profit for the year | | **-** | **-** | **37,658** | **37,658** |
| Other comprehensive income | 25(a) | **-** | **697** | **-** | **697** |
| **Total comprehensive income for the period** | | **-** | **697** | **37,658** | **38,355** |
| *Transactions with owners in their capacity as owners:* | | | | | |
| Issue of shares via dividend reinvestment plan | 24 | **2,054** | **-** | **-** | **2,054** |
| Employee share scheme | 25(a) | **-** | **(286)** | **-** | **(286)** |
| Treasury share reserve | 25(a) | **-** | **(199)** | **-** | **(199)** |
| Dividends provided for or paid | 26 | **-** | **-** | **(14,696)** | **(14,696)** |
| Non-controlling interest in investment properties | | | | | |
| Total contributions by and distributions to owners | | **2,054** | **(485)** | **(14,696)** | **(13,127)** |
| **Balance as at 27 June 2021** | | **72,312** | **(43,355)** | **83,239** | **112,196** |
| | | | | | |
| **Balance as at 30 June 2019** | | 68,229 | (43,331) | 58,282 | 83,180 |
| Adjustment for change in accounting policy | | - | - | (10,121) | (10,121) |
| **Restated balance at prior year** | | 68,229 | (43,331) | 48,163 | 73,061 |
| Profit for the year | | - | - | 22,225 | 22,225 |
| Other comprehensive (loss)/income | 25(a) | - | (44) | - | (44) |
| **Total comprehensive income for the period** | | - | (44) | 22,225 | 22,181 |
| *Transactions with owners in their capacity as owners:* | | | | | |
| Issue of shares via dividend reinvestment plan | 24 | 2,029 | - | - | 2,029 |
| Employee share scheme | 25(a) | - | (476) | - | (476) |
| Treasury share reserve | 25(a) | - | 281 | - | 281 |
| Dividends provided for or paid | 26 | - | - | (10,109) | (10,109) |
| Total contributions by and distributions to owners | | 2,029 | (192) | (10,109) | (8,272) |
| **Balance as at 28 June 2020** | | 70,258 | (43,567) | 60,277 | 86,968 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the 52 weeks ended 27 June 2021 and the 52 weeks ended 28 June 2020 Beacon Lighting Group and its controlled entities.

| Consolidated Entity | Notes | FY2021 $'000 | FY2020 $'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers (inclusive of goods and services tax) | | **318,869** | 280,458 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | **(234,302)** | (211,899) |
| Interest received | | **14** | 264 |
| Borrowing costs | | **(5,744)** | (6,179) |
| Income taxes paid | | **(17,615)** | (7,306) |
| **Net cash inflow from operating activities** | 36 | **61,222** | 55,338 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for property, plant and equipment | | **(7,911)** | (6,315) |
| Payments for equity interest in associate | 33 | **(15,240)** | - |
| Payments for acquisitions | | **(1,150)** | (1,314) |
| Payments for financial assets | | **(250)** | - |
| Proceeds from sale of property, plant and equipment | | **-** | 28,000 |
| **Net cash (outflow) / inflow from investing activities** | | **(24,551)** | 20,371 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from borrowings | | **70,058** | 81,251 |
| (Repayment) of borrowings | | **(81,839)** | (100,852) |
| (Payments) for principal portion of lease liabilities | | **(23,274)** | (21,476) |
| Dividends paid to Company's shareholders | 26 | **(12,642)** | (8,081) |
| **Net cash (outflow) from financing activities** | | **(47,697)** | (49,158) |
| **Net (decrease) / increase in cash and cash equivalents** | | **(11,026)** | 26,551 |
| Cash and cash equivalents at the beginning of the financial year | | **44,856** | 18,305 |
| **Cash and cash equivalents at the end of the financial year** | 8 | **33,830** | 44,856 |

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

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## 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of this consolidated financial report is set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial report is for the consolidated entity consisting of Beacon Lighting Group Limited and its subsidiaries.

### (a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001 (Cth). Beacon Lighting Group Limited is a for-profit entity for the purpose of preparing the financial report.

Beacon Lighting Group Limited operates within a retail financial period. The current financial period was a 52 week retail period ending on 27 June 2021 (2020: 52 week period ending 28 June 2020). This treatment is consistent with section 323D of Corporations Act 2001 (Cth).

#### (i) New, Revised or Amended Accounting Standards and Interpretations Adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2020:

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material [AASB 101 and AASB 108]
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business [AASB 3]
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform [AASB 9, AASB 139 and AASB 7]
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet issued in Australia [AASB 1054]
- Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### (ii) Impact of Standards Issued but Not Yet Applied by Group

Certain new accounting standards and interpretations have been published that are not mandatory for 27 June 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### (iii) Compliance with IFRS

The consolidated financial report of the Group also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### (iv) Historical Cost Convention

This financial report has been prepared in accordance with the historical cost convention.

#### (v) Critical Accounting Estimates

The preparation of 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. Refer to Note 37 Critical Accounting Estimates for detailed explanation of items requiring assumptions and estimates.

### (b) Comparative Financial Information

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability and provide more appropriate information to users.

### (c) Principles of Consolidation and Equity Accounting

#### (i) Subsidiaries

The consolidated financial report incorporates the assets and liabilities of all subsidiaries of Beacon Lighting Group Limited ('Group' or 'parent entity') as at 27 June 2021 and the results of all subsidiaries for the period then ended. Beacon Lighting Group Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all 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 deconsolidated from the date that control ceases.

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The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 1(i)).

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

Where control of an entity is obtained during a financial period, its results are included in the consolidated statement of comprehensive income from the date on which control commences. Where control of an entity ceases during a financial period its results are included for that part of the period during which control existed.

Investments in subsidiaries are accounted for at cost in accounting records of Beacon Lighting Group Limited.

**(ii) Associates**

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

**(iii) Equity Method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

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

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 1(j).

**(iv) Changes in Ownership Interests**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

## (d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker for Beacon Lighting Group Limited and its controlled entities (the Group), is the Chief Executive Officer (CEO). The Group determines operating segments based on information provided to the CEO in assessing performance and determining the allocation of resources within the Group. Consideration is given to the manner in which products are sold, nature of the products supplied, the organisational structure and the nature of customers.

Reportable segments are based on the aggregated operating segments determined by the manner in which products are sold, similarity of products, nature of the products supplied, the nature of customers, the methods used to distribute the product and materiality. The Group purchases goods in USD for sales predominately into Australia. The Group's one reportable segment is the selling of light fittings, fans and energy efficient products.

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## (e) Foreign Currency Translation

### (i) Functional and Presentation Currency

Items included in the financial report of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial report is presented in Australian dollars, which is Beacon Lighting Group Limited's functional and presentation currency.

### (ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges.

### (iii) Specific Commitments

Hedging is undertaken in order to avoid or minimise possible adverse financial effects of movements in exchange rates. Gains or costs arising upon entry into a hedging transaction intended to hedge the purchase or sale of goods and services, together with subsequent exchange gains or losses resulting from those transactions are deferred in the consolidated statement of comprehensive income from the inception of the hedging transaction up to the date of the purchase or sale and included in the measurement of the purchase or sale. Any gains or losses arising on the hedging transaction after the recognition of the hedge purchase or sale are included in the consolidated statement of comprehensive income.

In the case of hedges of monetary items, exchange gains or losses are brought to account in the financial period in which the exchange rates change.

### (iv) Group Companies

The results and financial position of foreign operations (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## (f) Revenue Recognition

### Revenue

The Group operates a chain of retail stores and sells a range of lighting products direct to customers. Revenue from the sale of goods is recognised when a Group entity sells a product to the customer at which point the control of products is transferred. Payment of the transaction price is due immediately when the customer purchases the lighting products and takes control of the products. It is the Group's policy to sell its products to the end customer with a right of return within 30 days. The refund liability and a right to the returned goods is not material for the products expected to be returned.

The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see Note 19.

### Interest Income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

### Franchise Royalty Fee Income

Franchise royalty fee income includes advertising contributions and management fee, which is based upon a percentage of sales.

## (g) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances are related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Beacon Lighting Group Limited and its wholly-owned Australian controlled entities have not implemented the tax consolidation legislation.

### (h) Leases

The Group leases various offices, warehouses and retail stores. Rental contracts are typically made for fixed periods of 7 to 14 years but may have extension options as described below. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that are based on an index or a rate.
- Amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

*To determine the incremental borrowing rate, the Group:*

- Where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

*Right-of-use assets are measured at cost comprising the following:*

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs, and
- Restoration costs.

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Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

*Extension and termination options*

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

### (i) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition-date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

### (j) Impairment of Assets

Goodwill and 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 assets are tested 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. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### (k) Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

### (l) Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement between 30 and 60 days from end of month and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

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The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

## (m) Inventories

Finished goods are stated at the lower of cost and net realisable value.

Cost comprises direct materials, and an appropriate proportion of variable and fixed overhead expenditure.

Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

## (n) Derivatives and Hedging Activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Fair value is determined with reference to quoted market prices. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. The method of recognising the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged.

### Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised in the income statement in other income or other expenses. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance, when the forecast purchase of inventory that is hedged takes place).

The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance costs. The gain or loss relating to the effective portion of forward foreign exchange contracts which hedge imported inventory purchases are ultimately recognised in the profit or loss as cost of goods sold.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within Other Comprehensive Income (OCI) within the cash flow hedge reserve. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

## (o) Property, Plant and Equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Furniture, Fittings & Equipment 4 to 20 years.
- Motor vehicles 5 to 8 years.
- Buildings 40 years.

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

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

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

## (p) Intangible Assets

**(i) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

**(ii) Patents, Trademarks and Other Rights**

Patents, Trademarks and Other Rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the patents, trademarks and other rights over their useful life of 25 years.

## (q) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## (r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

## (s) Provisions

Provisions for legal claims and product warranties are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

## (t) Employee Benefits

**(i) Short-Term Obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Other Long-Term Employee Benefit Obligations**

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period 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 end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

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#### (iii) Share Based Payments

Share based compensation benefits are provided to employees via the Beacon Lighting Short Term Incentive Plan. Information relating to this scheme is set out in the Remuneration Report and Note 28. The fair value of performance rights and options granted under the plan are recognised as an employee benefit expense over the period during which the employees become unconditionally entitled to the rights with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest which are revised at the end of each reporting period. The impact of the revision to original estimates, if any; is recognised in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

The fair value is measured at grant date and the expense recognised over the life of the plan. The fair value is determined using a Black-Scholes pricing model that takes into account the exercise price, the term of the right, 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 rights.

### (u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or payables in the consolidated balance sheet.

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 taxation authority, are presented as operating cash flows.

### (v) Store Opening Costs

Non-capital costs associated with the setup of a new store are expensed in the period in which they are incurred.

### (w) Dividends

Provision is made for the amount of any dividends declared, determined or publicly recommended by the Directors on or before the end of the financial period but not distributed at balance date.

### (x) Contributed Equity

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.

### (y) Earnings Per Share

#### (i) Basic Earnings Per Share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

#### (ii) Diluted Earnings Per Share

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

### (z) Rounding Amounts

The Group has relied on the relief provided by ASIC Corporations Instrument 2016/191, and in accordance with that Instrument, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### (aa) Parent Entity Financial Information

The financial information for the parent entity, Beacon Lighting Group Limited, disclosed in Note 38 has been prepared on the same basis as the consolidated financial report, except as set out below.

#### Investments in Subsidiaries

Investments in subsidiaries are accounted for at cost in the financial report of Beacon Lighting Group Limited.

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## 2. FINANCIAL RISK MANAGEMENT

The consolidated entity is exposed to a variety of financial risks comprising:

a) Market risk

b) Credit risk and

c) Liquidity risk

Risk management is carried out under policies approved by the Chief Executive Officer.

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk), credit risk and liquidity risk. The Group'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 Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange risks and aging analysis for credit risk.

The Group holds the following financial instruments:

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| Cash and cash equivalents | **33,830** | **44,856** |
| Trade and other receivables | **7,788** | **8,620** |
| | **41,618** | **53,476** |
| **FINANCIAL LIABILITIES** | | |
| Trade and other payables | **23,417** | **22,132** |
| Borrowings | **18,617** | **30,397** |
| Derivative financial instruments | **18** | **855** |
| Lease Liabilities | **122,759** | **113,318** |
| | **164,811** | **166,702** |

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**(a) Market Risk**

*Foreign Exchange Risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD.

Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group hedges its foreign exchange risk exposure arising from future commercial transactions and recognised assets and liabilities using forward contracts. The Group has a policy of hedging 100% of the Group's inventory purchases in USD and sold in AUD. The Group can also lock in a forward position for this foreign exchange exposure for a period of up to 12 months. Inventory purchases in other currencies are insignificant.

At 27 June 2021 the average term of outstanding foreign exchange contracts is two months with an average forward rate for AUD/USD of 0.7815.

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Forward exchange contracts - buy cash flow hedges (notional amount) | **11,972** | **10,736** |

*Interest Rate Risk*

The Group's main interest rate risk arises from short term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps.

Interest rate swaps currently in place cover approximately 41% (2020: 61%) of the variable loan principal outstanding. The fixed interest rate of the swap used to hedge is 2.47% (2020: 2.28% and 2.47%) and the variable rates of the loan 0.0575% (2020: 0.14% and 1.90%).

The swap contracts require settlement of net interest receivable or payable every 30 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

The Group's exposure to foreign currency and interest rate risk at the end of the reporting period, expressed in AUD is per below:

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Interest rate swap contracts - buy cash flow hedges (notional amount) | **7,688** | 18,437 |

*Amounts recognised in profit or loss and other comprehensive income*

During the year, the following gains / (losses) were recognised in profit or loss and other comprehensive income in relation to forward exchange contracts and interest rate swaps.

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Gain / (Loss) recognised in other comprehensive income | **837** | (206) |

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*Group Sensitivity*

At 27 June 2021, 41.3% (2020: 60.7%) of Beacon Lighting Group's short term borrowings are hedged using forward exchange contracts and interest rate swaps. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges. Inventory purchases in other currencies are insignificant.

| | Impact on other components of equity | |
|---|---|---|
| **Consolidated Entity** | **FY2021 $'000** | FY2020 $'000 |
| ***Forward exchange contracts*** | | |
| USD / AUD exchange rate – increase 10% | **(1,197)** | (1,073) |
| USD / AUD exchange rate – decrease 10% | **1,197** | 1,073 |
| ***Interest rate swap contracts*** | | |
| Floating interest rate – increase 10% | **5** | 7 |
| Floating interest rate – decrease 10% | **(5)** | (7) |

*Effects of hedge accounting on the financial position and performance*

| **Consolidated Entity** | **FY2021 $'000** | FY2020 $'000 |
|---|---|---|
| ***Forward exchange contracts*** | | |
| Carrying amount - asset / (liability) | **(328)** | (267) |
| Notional amount | **11,972** | 10,736 |
| Maturity Date | **August 2021 to December 2021** | September 2020 to December 2020 |
| Hedge Ratio | **1:1** | 1:1 |
| Change in intrinsic value of outstanding hedging instruments | **328** | 267 |
| Weighted average strike rate for the year | **USD$0.7601 : AUD$1** | USD$0.7018 : AUD$1 |
| ***Interest rate swap contracts*** | | |
| Carrying amount - asset / (liability) | **345** | (587) |
| Notional amount | **7,688** | 18,437 |
| Maturity Date | **15 November 2023** | 15 September 2020<br>15 November 2023 |
| Hedge Ratio | **1:1** | 1:1 |
| Change in intrinsic value of outstanding hedging instruments | **(345)** | 587 |
| Weighted average strike rate for the year | **2.47%** | 2.64% |

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**(b) Credit Risk**

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, favorable derivative financial instruments and deposits with banks as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. Individual credit limits are set based on internal or external ratings in accordance with limits set by the Board. The compliance with credit limits by wholesale, retail and trade customers is regularly monitored by line management. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

An analysis of trade receivables is disclosed in Note 9.

**(c) Liquidity Risk**

*Financing Arrangements*

The Group had access to the following financing facilities at the end of each reporting period:

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| **FLOATING RATE – TOTAL FACILITIES** | | |
| Overdraft | **500** | 500 |
| Trade finance facility | **10,000** | 7,250 |
| Interchange facility | **25,500** | 25,500 |
| Asset finance facility | **4,000** | 6,598 |
| Loan facility – multi currency | **3,968** | 4,157 |
| Loan facility – floating rate | **15,000** | 20,000 |
| **FLOATING RATE – TOTAL UNDRAWN FACILITIES** | | |
| Overdraft | **500** | 500 |
| Trade finance facility | **10,000** | 7,166 |
| Interchange facility | **6,883** | 9,083 |
| Asset finance facility | **3,652** | 6,083 |
| Loan facility – multi currency | **3,968** | 4,157 |
| Loan facility – floating rate | **15,000** | 5,300 |

*Maturities of Financial Liabilities*

The tables below analyse the Group's financial liabilities into relevant maturity groupings as follows:

(a) Based on their contractual maturities:

(i) All non-derivative financial liabilities, and

(ii) (ii) Net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

(b) Based on the remaining period to the expected settlement date:

(i) Derivative financial liabilities for which the contractual maturities are not essential for an understanding of the timing of the cash flows.

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The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities including lease liabilities:

| Consolidated Entity | Less Than 6 months $'000 | 6 - 12 Months $'000 | Between 1 and 5 Years $'000 | Over 5 Years $'000 | Total Contractual Cash Flows $'000 | Carrying Amount (Assets) Liabilities $'000 |
|---|---|---|---|---|---|---|
| **At 27 June 2021** | | | | | | |
| **NON-DERIVATIVES** | | | | | | |
| Trade and other payables | **23,417** | **-** | **-** | **-** | **23,417** | **23,417** |
| Borrowings | **18,653** | **-** | **-** | **-** | **18,653** | **18,617** |
| Lease liabilities | **-** | **25,263** | **97,680** | **-** | **122,759** | **122,746** |
| Total non-derivatives | **42,070** | **25,263** | **97,680** | **-** | **164,829** | **164,780** |
| **DERIVATIVES** | | | | | | |
| Forward exchange contracts | **328** | **-** | **-** | **-** | **328** | **328** |
| Interest rate swap contract | **-** | **-** | **(346)** | **-** | **(346)** | **(346)** |
| Net settled (cash flow hedges) | **328** | **-** | **(346)** | **-** | **(18)** | **(18)** |
| | | | | | | |
| **At 28 June 2020** | | | | | | |
| **NON-DERIVATIVES** | | | | | | |
| Trade and other payables | 22,132 | - | - | - | 22,132 | 22,132 |
| Borrowings | 15,728 | 1,500 | 14,370 | - | 31,598 | 30,397 |
| Lease liabilities | - | 23,242 | 67,725 | 22,351 | 113,318 | 113,289 |
| Total non-derivatives | 37,860 | 24,742 | 82,095 | 22,351 | 167,048 | 165,818 |
| **DERIVATIVES** | | | | | | |
| Forward exchange contracts | (268) | - | - | - | (268) | (268) |
| Interest rate swap contract | (587) | - | - | - | (587) | (587) |
| Net settled (cash flow hedges) | (855) | - | - | - | (855) | (855) |

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**(d) Fair Value Measurements**

For information about the methods and assumptions used in determining the fair value of derivatives please refer to Note 11.

*Fair value hierarchy*

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 27 June 2021, on a recurring basis.

| At 27 June 2021 | Level 2 $'000 | Total $'000 |
|---|---|---|
| Derivatives used for hedging - Net Position | **(18)** | **(18)** |

The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

All of the resulting fair value adjustments are included in level 2 and the adjustments are all based on valuations provided by third party banking institutions. There has been no change in valuation techniques during the period.

There are no financial assets and liabilities in Level 1 and Level 3, and there are no transfers between the levels.

## 3. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker for Beacon Lighting Group Limited and its controlled entities (the Group), is the Chief Executive Officer (CEO). The Group determines operating segments based on information provided to the CEO in assessing performance and determining the allocation of resources within the Group. Consideration is given to the manner in which products are sold, nature of the products supplied, the organisational structure and the nature of customers.

Reportable segments are based on the aggregated operating segments determined by the manner in which products are sold, similarity of products, nature of the products supplied, the nature of customers, the methods used to distribute the product and materiality. The Group purchases goods mainly in USD for sales predominantly into Australia. The Group's one reportable segment is the selling of light fittings, fans and energy efficient products.

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## 4. REVENUE FROM ORDINARY ACTIVITIES AND OTHER REVENUE

The Group derives revenue from the transfer of goods and services over time and at a point in time as follows:

- Sale of Goods - point in time.
- Interest Income - point in time.
- Franchise Royalty Fees - point in time.

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| **From Ordinary Activities** | | |
| Sale of goods | **288,679** | 251,749 |
| **Other Revenue** | | |
| Franchise fees | **590** | 761 |
| Sundry revenue | **45** | 39 |
| | **635** | 800 |
| | **289,314** | 252,549 |

## 5. OTHER INCOME

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Profit on sale of asset | **-** | 7,780 |
| Other | **182** | 254 |
| | **182** | 8,034 |

## 6. EXPENSES

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| **(a) PROFIT BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:** | | |
| ***Depreciation*** | | |
| Plant and equipment | **4,288** | 4,070 |
| Depreciation – right of use assets | **21,763** | 20,054 |
| Motor vehicles | **389** | 362 |
| ***Amortisation*** | | |
| Patents, trademarks and other rights | **20** | 20 |
| ***Finance costs*** | | |
| Interest and finance charges paid/payable | **5,744** | 6,179 |
| ***Net loss on disposal of property, plant and equipment*** | **692** | - |
| ***Employee benefits*** | **65,256** | 60,888 |
| ***Loss on closure of business unit*** | **-** | 5,137 |
| **(b) NET FOREIGN EXCHANGE GAINS AND LOSSES** | | |
| Net foreign exchange (gains)/losses recognised in profit before income tax for the period (as either other income or expense) | **217** | 12 |




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## 7. INCOME TAX EXPENSE

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| **(a) INCOME TAX EXPENSE** | | |
| Current tax | **16,152** | 8,072 |
| Deferred tax | **(220)** | 1,477 |
| Adjustments for current tax of prior periods | **168** | 113 |
| | **16,100** | 9,662 |
| **Deferred income tax (revenue) included in income tax expense comprises (Note 15):** | | |
| Decrease / (Increase) in deferred tax assets | **235** | (1,428) |
| (Decrease) / increase in deferred tax liabilities | **(15)** | (49) |
| | **220** | (1,477) |
| **(b) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE** | | |
| Profit from continuing operations before income tax expense | **53,758** | 31,887 |
| Tax at the Australian tax rate of 30.0% (2020: 30.0%) | **16,127** | 9,566 |
| **Tax effect of amounts which are not deductible in calculating taxable income:** | | |
| Entertainment | **41** | 41 |
| Sundry items | **(68)** | 55 |
| **Income tax expense** | **16,100** | 9,662 |
| **(c) AGGREGATE AMOUNTS OF DEFERRED TAX ARISING IN THE REPORTING PERIOD NOT RECOGNISED IN NET PROFIT OR OTHER COMPREHENSIVE INCOME BUT DIRECTLY CREDITED TO EQUITY** (Note 15) | **-** | 5,591 |

## 8. CASH AND CASH EQUIVALENTS

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Cash at bank and in hand | **33,830** | 43,566 |
| Deposits at call (a) | **-** | 1,290 |
| | **33,830** | 44,856 |

**(a) Classification as Cash Equivalents**

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

*Risk Exposure*

The Group's and the parent entity's exposure to interest rate risk is discussed in Note 2.

## 9. TRADE AND OTHER RECEIVABLES

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Trade receivables (a) | **7,357** | 8,872 |
| Provision for impairment of receivables (b) | **(294)** | (615) |
| Net amounts receivable from customers | **7,063** | 8,257 |
| Other debtors (c) | **725** | 363 |
| | **7,788** | 8,620 |

**(a) Aging of Trade Receivables**

Trade receivables ageing analysis at period end is:

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Not past due | **6,052** | 6,581 |
| Past due 31-60 days | **571** | 829 |
| Past due 61-90 days | **124** | 432 |
| Past due more than 91 days | **610** | 1,030 |
| | **7,357** | 8,872 |

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**(b) Provision for Impairment of Receivables**

Trade receivables are non-interest bearing with terms that vary between 30 and 60 days end of month. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 27 June 2021 or 28 June 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 27 June 2021 and 28 June 2020 (on adoption of AASB 9) was determined as follows for both trade receivables:

| 27 June 2021 | Current | 31-60 days past due | 61 - 90 days past due | More than 90 days past due | Total |
|---|---|---|---|---|---|
| Expected loss rate | 0.1% | 0.5% | 5.00% | 45.7% | |
| Gross carrying amount - trade receivables ($'000) | 6,052 | 571 | 124 | 610 | 7,357 |
| Loss allowance ($'000) | 6 | 3 | 6 | 279 | 294 |

| 28 June 2020 | Current | 31-60 days past due | 61 - 90 days past due | More than 90 days past due | Total |
|---|---|---|---|---|---|
| Expected loss rate | 0.1% | 0.5% | 5.11% | 56.5% | |
| Gross carrying amount - trade receivables ($'000) | 6,581 | 829 | 432 | 1,030 | 8,872 |
| Loss allowance ($'000) | 7 | 4 | 22 | 582 | 615 |

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

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**(c) Other Debtors**

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

***Foreign Exchange and Interest Rate Risk***

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 2.

***Fair Value and Credit Risk***

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to Note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

## 10. INVENTORIES

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Inventory at lower of cost and net realizable value | **64,554** | 59,962 |
| Goods in transit - at cost | **3,382** | 3,120 |
| | **67,936** | 63,082 |

***Inventory Finance***

The Group utilises inventory finance facilities to fund inventory. The term of the facility is two years.

***Inventory Expense***

Inventories recognised as expense during the 52 week period ended 27 June 2021 and included in cost of sales of goods amounted to $91,345,099 (2020: $89,186,855).

Write-downs of inventories to net realisable value recognised as an expense during the 52 week period ended 27 June 2021 amounted to $728,310 (2020: $1,210,639).

Included in the valuation of inventory is a provision for stock obsolescence of $1,532,088 (2020: $2,279,952).

***Critical accounting judgements, estimates and assumptions:***

The provision for slow moving inventory assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

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## 11. DERIVATIVE FINANCIAL INSTRUMENTS

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| **Current liabilities** | | |
| Forward foreign exchange contracts – cash flow hedges | **328** | (268) |
| Interest rate swap contracts – cash flow hedges | **(346)** | (587) |
| **Total current derivative financial instrument liabilities** | **(18)** | (855) |
| **Net current derivative financial instrument assets** | **(18)** | (855) |

The Group's risk exposures are provided in Note 2.

***Forward Exchange Contracts and Interest Rate Swaps– Cash Flow Hedges***

The Group purchases products in USD. In order to protect against exchange rate movements, the Group has entered into forward exchange contracts to purchase USD and an interest rate swap to hedge against interest rate fluctuations.

These contracts are hedging highly probable forecasted purchases for the ensuing financial year. The contracts are timed to mature when payments for major purchases of inventory are scheduled to be made.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the balance sheet by removing the related amount from other comprehensive income.

During the 52 weeks ended 27 June 2021 there were no gains or losses (2020: nil) recognised in profit or loss for the ineffective portion of these hedging contracts.

***Hedge ineffectiveness***

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness. In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of Australia or the derivative counterparty.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

- The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- Differences in critical terms between the interest rate swaps and loans.

There was no ineffectiveness during FY2021 or FY2020 in relation to the interest rate swaps.

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***Hedge reserves***

The Group's hedging reserves disclosed in Note 25 relate to the following hedging instruments:

| Consolidated Entity | Currency Forwards $'000 | Interest Rate Swaps $'000 | Total Hedge Reserves $'000 |
|---|---|---|---|
| **Opening balance 30 June 2019** | **(42)** | **(607)** | **(649)** |
| Add Change in fair value of hedging instrument recognised in Other Comprehensive Income | (323) | 29 | (294) |
| Less Deferred Tax | (97) | 9 | (88) |
| **Closing balance 28 June 2020** | **(268)** | **(587)** | **(855)** |
| Add Change in fair value of hedging instrument recognised in Other Comprehensive Income | 851 | 344 | 1,195 |
| Less Deferred Tax | 255 | 103 | 358 |
| **Closing balance 27 June 2021** | **328** | **(346)** | **(18)** |

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## 12. OTHER CURRENT ASSETS

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Prepayments and other current assets | **1,337** | 1,496 |

## 13. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

| Consolidated Entity | Investment Properties $'000 | Furniture, Fittings and Equipment $'000 | Vehicles $'000 | Land and Buildings $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Year ended 28 June 2020** | | | | | |
| Opening net book amount | **-** | **31,707** | **1,733** | **12,569** | **46,009** |
| Additions | - | 3,457 | 417 | 2,441 | 6,315 |
| Disposals | - | (1,098) | (15) | (13,299) | (14,412) |
| Adjustment for change in accounting policy | - | (497) | (136) | - | (633) |
| Depreciation charge | - | (4,009) | (362) | (61) | (4,432) |
| **Closing net book amount** | **-** | **29,560** | **1,637** | **1,650** | **32,847** |
| **At 28 June 2020** | | | | | |
| Cost | - | 54,040 | 3,576 | 1,673 | 59,289 |
| Accumulated depreciation | - | (24,480) | (1,940) | (22) | (26,442) |
| **Net book amount** | **-** | **29,560** | **1,636** | **1,651** | **32,847** |
| | | | | | |
| **Year ended 27 June 2021** | | | | | |
| Opening net book amount | **-** | **29,560** | **1,636** | **1,651** | **32,847** |
| Additions | 15,212 | 7,428 | 476 | 7 | 23,123 |
| Disposals | (15,212) | (804) | (25) | - | (16,041) |
| Depreciation charge | - | (4,255) | (389) | (33) | (4,677) |
| **Closing net book amount** | **-** | **31,929** | **1,698** | **1,625** | **35,252** |
| **At 27 June 2021** | | | | | |
| Cost | - | 59,575 | 3,646 | 1,673 | 64,894 |
| Accumulated depreciation | - | (27,646) | (1,948) | (48) | (29,642) |
| **Net book amount** | **-** | **31,929** | **1,698** | **1,625** | **35,252** |

## 14. INVESTMENT IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Shares in associates at carrying amount at start of period | - | - |
| Acquisitions | 15,241 | - |
| **Carrying amount at end of period** | **15,241** | - |

Refer to note 34(b) for details of the Group's associates



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## 15. DEFERRED TAX ASSETS

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| **GROSS DEFERRED TAX ASSETS** | | |
| *The balance comprises temporary differences attributable to:* | | |
| Employee benefits | **2,408** | 2,170 |
| Inventory | **1,103** | 1,268 |
| Franchise agreement termination fees | **668** | 808 |
| Debtor provision | **88** | 184 |
| Fixed assets | **613** | 524 |
| Marketing fund | **501** | 450 |
| Lease liabilities | **37,153** | 33,380 |
| Other provisions/accruals | **1,614** | 1,061 |
| **Total deferred tax assets** | **44,148** | 39,845 |
| | | |
| **GROSS DEFERRED TAX LIABILITIES** | | |
| *The balance comprises temporary differences attributable to:* | | |
| Right of use asset | **30,619** | 26,426 |
| Other accruals and provisions | **1** | 16 |
| **Total deferred tax liabilities** | **30,620** | 26,442 |
| | | |
| **MOVEMENTS IN NET DEFERRED TAX ASSETS** | | |
| Opening balance | **13,403** | 5,834 |
| Charged/(credited) to the consolidated statement of comprehensive income (Note 7) | **(220)** | 1,477 |
| Charged/(credited) amounts recognised on acquisitions | **345** | 501 |
| Charged/(credited) amounts recognised directly in equity | **-** | 5,591 |
| **Net deferred tax assets** | **13,528** | 13,403 |

## 16. INTANGIBLE ASSETS

| Consolidated Entity | Goodwill $'000 | Patents, Trademarks and Other Rights $'000 | Total $'000 |
|---|---|---|---|
| **Year ended 28 June 2020** | | | |
| Opening net book amount | 11,446 | 200 | 11,646 |
| Additions | 1,327 | - | 1,327 |
| Amortisation charge for the year | - | (20) | (20) |
| **Closing net book amount** | 12,773 | 180 | 12,953 |
| **At 28 June 2020** | | | |
| Cost | 12,773 | 500 | 13,273 |
| Accumulated amortisation | - | (320) | (320) |
| **Net book amount** | 12,773 | 180 | 12,953 |
| | | | |
| **Year ended 27 June 2021** | | | |
| Opening net book amount | **12,773** | **180** | **12,953** |
| Additions | **805** | **-** | **805** |
| Amortisation charge for the year | **-** | **(20)** | **(20)** |
| **Closing net book amount** | **13,578** | **160** | **13,738** |
| **At 27 June 2021** | | | |
| Cost | **13,578** | **500** | **14,078** |
| Accumulated amortisation | **-** | **(340)** | **(340)** |
| **Net book amount** | **13,578** | **160** | **13,738** |

The current year acquisition is not material hence, has not been disclosed separately as a business combination. Also, the prior year acquisition accounting has been finalised in the current year and there were no changes to the amounts previously reported.

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**(a) Impairment Tests for Goodwill**

Goodwill is allocated to the Group's one cash generating unit being the selling of light fittings, fans and energy efficient products (refer Note 3).

The recoverable amount is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

**(b) Key Assumptions Used For Value-In-Use Calculations**

| Gross Margin | | Growth Rate | | Discount Rate | |
|---|---|---|---|---|---|
| **2021** | 2020 | **2021** | 2020 | **2021** | 2020 |
| % | **%** | % | % | % | % |
| 65.0 | **64.0** | 3.0 | 3.0 | 9.1 | 11.0 |

Management determined gross margin based on past performance and its expectations for the future. The weighted average growth rates used are consistent with forecasts included in industry reports. Management has considered reasonably possible changes in the key assumptions used in the value-in-use calculations and has not identified any reasonably possible change that would cause a material impact in the carrying amount of the Group's cash generating unit

## 17. TRADE AND OTHER PAYABLES

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Trade payables | **9,167** | 9,818 |
| Customer deposits | **4,375** | 3,494 |
| Sundry creditors | **7,218** | 6,586 |
| Marketing fund | **1,670** | 1,500 |
| Other payables | **987** | 734 |
| | **23,417** | 22,132 |

**(a) Risk Exposure**

Information about the Group's exposure to foreign exchange risk is provided in Note 2.

**(b) Fair Value**

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

## 18. CURRENT BORROWINGS

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| **Secured** | | |
| Trade finance (a) | **-** | 84 |
| Loan facility floating rate (b) | **-** | 1,500 |
| Interchange facility (c) | **18,617** | 15,613 |
| | **18,617** | 17,197 |

**(a) Trade Finance**

The Group utilises trade finance facilities to fund inventory. The total available facility in FY2021 was $10,000,000. The interest rate is the base rate plus a margin for the drawing term. The term of the facility is one year.

**(b) Loan Facility – Floating Rate**

The Group utilises floating rate loan facilities to fund business activities. The total available facility is $15,000,000. The interest rate is BBSY plus a margin and this facility has a term of two years.

**(c) Interchange Facility**

The Group utilises the interchange facility to fund inventory and other activities of the Group. The total available facility is $25,500,000. The interest rate is the base rate plus a margin for the drawing term. The term of the facility is two years and was entered into during FY2021.

***Security and Fair Value Disclosures***

Information about the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided in Note 21.

***Risk Exposures***

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 2.

## 19. CURRENT PROVISIONS

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Employee benefits (a) | **7,121** | 6,270 |
| Warranty provision (b) | **1,570** | 1,351 |
| Other provisions (c) | **722** | 476 |
| | **9,413** | 8,097 |

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**(a) Employee Benefits**

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Leave obligations not expected to be settled within 12 months | **5,339** | 4,229 |

**(b) Warranty Provision**

The Group generally offers 12 months warranty on its products. Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest claims could differ from historical amounts.

***Critical accounting judgements, estimates and assumptions:***

Factors that could impact the estimated claim information include the success of the Group's product and quality initiatives, as well as parts and labor costs. If claim costs differ by 10% from management's estimates, the warranty provision would be an estimated $157,000 (2020: $135,000) higher or lower.

**Movement in Warranty Provision**

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Carrying amount at the start of the year | **1,351** | 1,452 |
| Charged/(credited) to profit or loss - amount incurred and charged | **219** | (101) |
| Carrying amount at end of period | **1,570** | 1,351 |

**(c) Other Provisions**

Provision is made for the fringe benefit tax payable at the end of the reporting period.

**Movements in Other Provisions**

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Carrying amount at the start of the year | **476** | 136 |
| Charged to profit or loss - amount incurred and charged | **796** | 1,426 |
| Amounts used during the year | **(550)** | (1,086) |
| Carrying amount at end of period | **722** | 476 |

## 20. CURRENT TAX LIABILITIES

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Provision for income tax* | **2,666** | 4,464 |

*FY2020 provision for income tax includes 100% of tax payable on the profit on the sale of Parkinson Distribution Centre

## 21. NON CURRENT BORROWINGS

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| **Secured** | | |
| Loan facility floating rate (a) | **-** | 13,200 |

**(a) Loan Facility Floating Rate**

The Group utilises floating rate loan facilities to fund business acquisitions. The term of the facility is two years

***Secured Liabilities and Asset Security***

The Group's liabilities are secured by general security agreements and a deed of cross guarantee and indemnity over certain entities within the Group. Under the letter of offer the security arrangements cover entities that generate a minimum 85% EBITDA and hold a minimum 85% total assets.

***Compliance with Covenants***

Under the terms of the major borrowing facilities the Group is required to comply with the following financial covenants:

- The interest cover ratio is not less than 3.5:1.
- The debt to EBITDA ratio is not more than 2.25:1.
- The fixed charge cover ratio is not less than 1.5:1.
- The borrowing base is not more than 60%.
- The distribution does not exceed 70% of NPAT.

The Group has complied with the financial covenants of its borrowing facilities during the 52 weeks ended 27 June 2021 and the 52 weeks ended 28 June 2020.

***Risk Exposures***

Information about the Group's exposure to interest rate and foreign exchange risk is provided in Note 2.

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## 22. NON CURRENT PROVISIONS

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Employee benefits | **939** | 983 |

## 23. LEASES

This note provides information for leases where the Group is a lessee.

***Amounts recognized in the balance sheet***

The balance sheet shows the following amounts relating to leases:

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| **Right of use assets** | | |
| Buildings | **100,155** | 88,086 |
| Equipment | **471** | 497 |
| Vehicles | **120** | 136 |
| | **100,746** | 88,719 |
| **Lease liabilities** | | |
| Current | **25,079** | 23,242 |
| Non current | **97,680** | 90,076 |
| | **122,759** | 113,318 |

***Amounts recognized in the statement of profit or loss***

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| **Depreciation charge right of use assets** | | |
| Equipment | **26** | 26 |
| Vehicles | **16** | 16 |
| Buildings | **21,721** | 20,012 |
| | **21,763** | 20,054 |
| | | |
| **Lease liabilities** | | |
| Interest expense | **4,423** | 4,078 |
| | **4,423** | 4,078 |

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Total cash outflows for leases for the period ended 27 June 2021 were $27,696,918

Additions made to the Right of use asset during the year were $35,258,678

**Hire Purchase Liability**

The Group utilises hire-purchase plans to acquire assets (i.e. fixtures and fittings and motor vehicles).

The terms range from one to four years. Details on the accounting for these hire-purchase plans is disclosed in Note 1(h) of this report.

***Critical judgements in determining the lease term***

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The Group considers factors including historical lease durations and the costs and business disruption required to replace the leased asset. As at 27 June 2021, potential future cash outflows of $95,352,000 (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $13,662,000.



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## 24. CONTRIBUTED EQUITY

| Consolidated Entity | FY2021 | FY2020 |
|---|---|---|
| Number of ordinary shares, fully paid | **223,321,406** | 221,537,880 |

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Movements in ordinary share capital | | |
| Balance at the beginning of the year | **70,258** | 68,229 |
| Dividend reinvestment plan share issue | **2,054** | 2,029 |
| Balance at the end of the year | **72,312** | 70,258 |

| Consolidated Entity | FY2021 | FY2020 |
|---|---|---|
| Movements in the number of ordinary shares | | |
| Balance at the beginning of the year | **221,537,880** | 219,214,930 |
| Dividend reinvestment plan share issue | **1,783,526** | 2,322,950 |
| Balance at the end of the year | **223,321,406** | 221,537,880 |

***Ordinary Shares***

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

All shares carry one vote per share.

Ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

***Capital Risk Management***

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt (borrowings less cash) divided by total equity.

## 25. RESERVES AND RETAINED PROFITS

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| **(a) Other reserves** | | |
| Cash flow hedges reserve | **(18)** | (855) |
| Share based payment reserve | **(297)** | (11) |
| Foreign currency translation reserve | **740** | 882 |
| Treasury shares reserve | **(108)** | 89 |
| Common control reserve | **(43,672)** | (43,672) |
| **Total Other Reserves** | **(43,355)** | (43,567) |
| | | |
| ***Movement in cash flow hedges reserve*** | | |
| Opening balance | **(855)** | (649) |
| Revaluation (net of tax effect) | **837** | (206) |
| Closing balance | **(18)** | (855) |
| ***Movement in share based payments reserve*** | | |
| Opening balance | **(11)** | 456 |
| Transactions arising from share based payments | **(286)** | (467) |
| Closing balance | **(297)** | (11) |
| ***Movement in foreign currency translation reserve*** | | |
| Opening balance | **882** | 726 |
| Revaluation (net of tax effect) | **(142)** | 156 |
| Closing balance | **740** | 822 |
| ***Movement in treasury shares reserve*** | | |
| Opening balance | **89** | (192) |
| Transactions arising from share based payments | **(197)** | 281 |
| Closing balance | **(108)** | 89 |
| ***Movement in common control reserve*** | | |
| Opening balance | **(43,672)** | (43,672) |
| Transactions arising from share capital restructure | **-** | - |
| Closing balance | **(43,672)** | (43,672) |

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**Nature and Purpose of Other Reserves**

***Cash Flow Hedges Reserve***

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in Note 1(n). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

***Share Based Payments Reserve***

The share based payments reserve is used to recognise:

- The grant date fair value of rights issued to employees but not exercised.
- The grant date fair value of shares issued to employees.

***Foreign Currency Translation Reserve***

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

***Treasury Shares Reserve***

This reserve is used to record the elimination of shares in Beacon Lighting Group held by the incentive plan trust entity on behalf of the participants of the Groups incentive plan.

***Common Control Reserve***

This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

| Consolidated Entity | **FY2021 $'000** | FY2020 $'000 |
|---|---|---|
| **(b) Retained earnings** | | |
| ***Movements in retained earnings were as follows:*** | | |
| Opening balance | **60,277** | 58,282 |
| Adjustment due to change in accounting policy | **-** | (10,121) |
| **Opening balance re-stated** | **60,277** | 48,161 |
| Net profit for the period | **37,658** | 22,225 |
| Dividends paid | **(14,696)** | (10,109) |
| | **83,239** | 60,277 |

## 26. DIVIDENDS

**(a) Ordinary Shares**

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Final dividend for period ended 28 June 2020 of 2.40 cents (2019: 2.00 cents) per fully paid share | **5,317** | 4,385 |
| Interim dividend for period ended 27 June 2021 of 4.20 cents (2020: 2.60 cents) per fully paid share | **9,379** | 5,724 |
| Total dividends paid | **14,696** | 10,109 |
| *Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan* | | |
| Dividends paid in cash | **12,642** | 8,080 |
| Dividends satisfied by the issue of shares under the dividend reinvestment plan | **2,054** | 2,029 |
| | **14,696** | 10,109 |

***Dividend Reinvestment Plan***

The Group Dividend Reinvestment Plan was suspended in FY2021.

**(b) Dividends not recognised at the End of the Reporting Period**

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| In addition to the above dividends, since year end the Directors have recommended the payment of a final dividend of 4.60 cents per fully paid ordinary share (2020: 2.40 cents), fully franked based on tax paid at 30%. The proposed dividend is to be paid out of retained earnings at 27 June 2021, but not recognised as a liability at year end. | **10,272** | 5,320 |

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**c) Franked Dividends**

The franked portions of the final dividends recommended after 27 June 2021 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the 52 week period ended 27 June 2021.

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2020: 30.0%) | **50,788** | 41,586 |

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:
- Franking credits that will arise from the payment of the amount of the provision for income tax.
- Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.
- Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

## 27. KEY MANAGEMENT PERSONNEL DISCLOSURES

| Consolidated Entity | FY2021 $ | FY2020 $ |
|---|---|---|
| **Key management personnel compensation** | | |
| Short-term employee benefits | **1,402,311** | 1,333,512 |
| Post-employment benefits | **104,173** | 101,405 |
| Long-term benefits – movements in leave provisions | **(1,666)** | (14,845) |
| Performance based cash benefits | **514,000** | 357,274 |
| Performance based share benefits | **195,845** | 61,740 |
| | **2,214,663** | 1,839,086 |

Detailed remuneration disclosures are provided in the Remuneration Report on pages 20 to 28.

## 28. SHARE BASED PAYMENTS

**(a) Executive Short Term Incentive Scheme**

Subject to meeting the relevant vesting conditions, shares will be issued at no cost to the executive. In the event an executive leaves the Group prior to the vesting date the options will generally lapse, except at the discretion of the Directors.

Participation in the plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The number of rights and options to be granted is determined based on the average share price at 30 June (averaged over + / - 30 days).

| | FY2021 | FY2020 |
|---|---|---|
| Number of performance rights granted | **99,074** | - |
| Fair value of performance rights at grant date | **$1.08** | - |

| | FY2021 | FY2020 |
|---|---|---|
| Number of options granted | **138,889** | - |
| Fair value of options at grant date | **$1.08** | - |

**(b) Fair Value of Performance Rights Granted**

The fair value of the rights at the grant date was estimated using the Black Scholes Model which takes into account the share price at grant date, the impact of dilution (where material), expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate.

The model inputs for the performance rights granted during the 52 weeks ended 27 June 2021 included:

| | FY2021 | FY2020 |
|---|---|---|
| Exercise price | **$0.00** | - |
| Grant date | **20 August 2020** | - |
| Share price at grant date | **$1.08** | - |
| Expected dividend yield | **4.25%** | - |

The expected volatility of the Group's shares and the risk free interest rate do not have a material impact on the fair value calculation of the performance rights granted.

**(c) Fair Value of Options Granted**

The fair value of the options at the grant date was estimated using the Black Scholes Model which takes into account the share price at grant date, the impact of dilution (where material), expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate.

The model inputs for the options granted:

| | FY2021 | FY2020 |
|---|---|---|
| Exercise price | **$0.00** | - |
| Grant date | **20 August 2020** | - |
| Share price at grant date | **$1.08** | - |
| Expected dividend yield | **4.25%** | - |

The expected volatility of the Group's shares and the risk free interest rate do not have a material impact on the fair value calculation of the options granted.

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**(d) Expenses Arising from Share Based Payment Transactions**

Total expenses arising from share based payment transactions recognised during the period as part of employee benefits expense were as follows:

| | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Performance rights and options issued under employee STI plans | **238** | 81 |

## 29. EARNINGS PER SHARE

| Consolidated Entity | FY2021 | FY2020 |
|---|---|---|
| Basic earnings per share - cents | **16.94** | 10.11 |
| Diluted earnings per share - cents | **16.92** | 10.10 |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | **222,319,208** | 219,877,368 |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share | **222,505,374** | 220,033,386 |

## 30. REMUNERATION OF AUDITORS

During the period the following fees were paid or payable for services provided by PricewaterhouseCoopers, auditor of the parent entity.

| Consolidated Entity | FY2021 $ | FY2020 $ |
|---|---|---|
| **Audit and assurance services** | | |
| Audit and review of financial statements | **252,700** | 248,600 |
| **Other services:** | | |
| Taxation services | **44,300** | 32,000 |
| Other services | **8,745** | 17,200 |
| **Total remuneration of PwC** | **305,745** | 297,800 |

## 31. CONTINGENCIES

There were no significant or material contingent liabilities including legal claims at 27 June 2021 or 28 June 2020.

## 32. COMMITMENTS

**(a) Hire Purchase Commitments**

Commitments in relation to finance leases are payable as follows:

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Within one year | **183** | 182 |
| Later than one year but not later than five years | **178** | 361 |
| **Minimum lease payments** | **361** | 543 |
| Future finance charges | **(13)** | (28) |
| **Total lease liabilities** | **348** | 515 |
| ***Representing lease liabilities:*** | | |
| Current (Note 23) | **173** | 167 |
| Non-current (Note 23) | **175** | 348 |
| | **348** | 515 |

**(b)** Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is $1.9m (2020: $0.2m).

## 33. RELATED PARTY TRANSACTIONS

**(a) Subsidiaries**

Interests in subsidiaries are set out in Note 34.

**(b) Key Management Personnel**

Disclosures relating to key management personnel are set out in Note 27.

**(c) Transactions With Other Related Parties**

| Consolidated Entity | FY2021 $ | FY2020 $ |
|---|---|---|
| The following transactions occurred with related parties: | | |
| ***Purchases of goods*** | | |
| Purchases of goods and supply of services from other related parties | **14,850** | 26,381 |
| ***Other transactions*** | | |
| Income received from other related parties | **12,164** | 1,462 |
| Rent paid to other related parties | **1,008,318** | 1,584,638 |
| Payments for equity interest in associate | **(15,240,000)** | - |

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The Robinson family has a 100% interest as owner of the Heidelberg store leased by Beacon Lighting on arms length terms. The current rent is $188,510 per annum increasing by 3% annually. The lease expires in 2024.

The Robinson family has a 100% interest as owner of the Fyshwick store leased by Beacon Lighting on arms length terms. The current rent is $253,176 per annum increasing by 3% annually. The lease expires in 2024 with one further right of renewal for a period of seven years.

The Robinson family has a 100% interest as owner of the Bendigo store leased by Beacon Lighting on arms length terms. The current rent is $94,628 per annum increasing by CPI annually. The lease expired on 1 September 2019 and is being held over on month to month arrangements.

The Robinson family had a 100% interest as the owner of the Derrimut Distribution Center leased by Beacon Lighting on arms length terms. The rent was $1,131,484 per annum. The property was sold to a third party during FY 2021.

These disclosures are made due to Beacon Lighting having obtained, at the time of listing, a waiver from Listing Rule 10.1 permitting the lease arrangements described above continuing without shareholder approval conditional on disclosure being made in the Annual Report as set out here.

Ian Robinson has a 100% interest in Carbonetix Pty Ltd. The Beacon Lighting Group provides management services to Carbonetix which are charged at an arms length terms.

The Large Format Property Fund was established to acquire properties for the purpose of leasing them to Beacon Lighting and other large format retailers. The Beacon Lighting Group has invested $15,225,500 in this Fund.

The Large Format Property Fund is currently 50% owned by the Beacon Lighting Group and 50% owned by Rebeach Pty Ltd which is controlled by the Robinson Family. During FY2021 the Fund established four sub funds to acquire four properties.

During FY2021, Farrlong Pty Ltd as trustee for the Bacalla Trust which is controlled by the Robinson Family subscribed for 55% of the shares of Large Format Management Company Pty Ltd which is the trustee, property manager and fund manager of the Large Format Property Fund. The Beacon Lighting Group holds the remaining 45% (previously 100%).

Accordingly, the Large Format Management Company Pty Ltd and the Large Format Property Fund are recognised at 27 June 2021 in the accounts of the Beacon Lighting Group as investments in associates applying the equity method of accounting rather than on a consolidated basis.

The Large Format Property Fund has a 100% interest as owner of the Cannington store leased by Beacon Lighting on arms length terms. The current rent is $220,000 per annum increasing by 3% annually. The lease expires in 2027 with one further right of renewal for a period of five years.

**(d) Outstanding Balances**

As at 27 June 2021 Carbonetix Pty Ltd owed the Group $27,009 (2020: $54,511).

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

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## 34. SUBSIDIARIES

**(a)** The consolidated financial report incorporates the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in Note 1(c):

| Name of Entity | Incorporation | Shares | Equity Holding[1] | |
|---|---|---|---|---|
| | | | 2021 % | 2020 % |
| Beacon Lighting Corporation Pty Ltd | Australia | Ordinary | **100** | 100 |
| Beacon Lighting Group Incentive Plan Pty Ltd | Australia | Ordinary | **100** | 100 |
| Brightlite Unit Trust | Australia | Ordinary | **100** | 100 |
| Beacon Lighting Wholesalers Unit Trust | Australia | Ordinary | **100** | 100 |
| Beacon Lighting Franchising Unit Trust | Australia | Ordinary | **100** | 100 |
| Tanex Unit Trust | Australia | Ordinary | **100** | 100 |
| Enviro Renew Pty Ltd | Australia | Ordinary | **100** | 100 |
| Manrob Investments Pty Ltd | Australia | Ordinary | **100** | 100 |
| Masson Manufacturing Pty Ltd | Australia | Ordinary | **100** | 100 |
| Beacon Property Company Pty Ltd | Australia | Ordinary | **100** | 100 |
| Light Source Solutions New Zealand Limited | New Zealand | Ordinary | **100** | 100 |
| Beacon Lighting Europe GmbH | Germany | Ordinary | **100** | 100 |
| Beacon Lighting Corporation USA Inc. | United States of America | Ordinary | **100** | 100 |
| Beacon Lighting America Inc. | United States of America | Ordinary | **100** | 100 |
| Beacon Lighting Solutions (Zhongshan) Co. Ltd | China | Ordinary | **100** | 100 |
| Light Source Solutions Limited | Hong Kong | Ordinary | **100** | 100 |
| Beacon International Limited | Hong Kong | Ordinary | **100** | 100 |
| Beacon Lighting International | Hong Kong | Ordinary | **100** | 100 |

(1) The proportion of ownership interest is equal to the proportion of voting power held.

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**(b) Interests in Associates**

Set out below are the associates of the Beacon Lighting Group which in the opinion of the Directors are material to the Group. The entities listed below have share capital consisting of ordinary shares and units issued which are held directly by the Beacon Lighting Group. The country of incorporation or registration is also their principal place of business and the proportion of ownership interest is the same as the proportion of voting rights held.

| Name of Entity | Place of Incorporation | Measurement Method | % Ownership Interest |
|---|---|---|---|
| | | | 2021 % |
| Large Format Management Company Pty Ltd | Australia | Equity | **45** |
| Large Format Property Fund | Australia | Equity | **50** |
| Large Format Property Subfund (Southport Nerang Road) | Australia | Equity | **50** |
| Large Format Property Subfund (Argyle Street) | Australia | Equity | **50** |
| Large Format Property Subfund (William Street) | Australia | Equity | **50** |
| Large Format Property Subfund (Parramatta Road) | Australia | Equity | **50** |

The combined carrying value of the investment in associates at 27 June 2021 was $15,241,000 (FY2020 : $0)



*(i) Summarised Financial Information for Associates*

The tables below provide summarized financial information for those associates that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not Beacon Lighting Group Limited share of those amounts.

| | Large Format Management Company Pty Ltd | | Large Format Property Fund | |
|---|---|---|---|---|
| **Balance sheet** | **FY2021 $'000** | FY2020 $'000 | **FY2021 $'000** | FY2020 $'000 |
| **Current assets** | | | | |
| Cash and cash equivalents | **152** | - | **2,260** | - |
| Trade and other receivables | **-** | - | **1,288** | - |
| Other current assets | **3** | - | **34** | - |
| **Total current assets** | **155** | - | **3,582** | - |
| **Non-current assets** | | | | |
| Property, plant and equipment | **-** | - | **28,093** | - |
| **Total non-current assets** | **-** | - | **28,093** | - |
| **Total assets** | **155** | - | **31,675** | - |
| **Current liabilities** | | | | |
| Trade and other payables | **-** | - | **1,167** | - |
| **Total current liabilities** | **-** | - | **1,167** | - |
| **Non-current liabilities** | | | | |
| **Total non-current liabilities** | **-** | - | **-** | - |
| **Total liabilities** | **-** | - | **1,167** | - |
| **Net assets** | **155** | - | **30,508** | - |
| **Equity** | | | | |
| Contributed equity | **200** | - | **30,451** | - |
| Retained earnings / Undistributed profits | **(44)** | - | **57** | - |
| **Total equity** | **155** | - | **30,508** | - |

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*(ii) Summarised Statement of Comprehensive Income for Associates*

| | Large Format Management Company Pty Ltd | | Large Format Property Fund | |
|---|---|---|---|---|
| **Statement of comprehensive income** | **FY2021 $'000** | FY2020 $'000 | **FY2021 $'000** | FY2020 $'000 |
| Revenue | **15** | - | **264** | - |
| Other expenses | **(59)** | - | **(206)** | - |
| Interest income | **-** | - | **-** | - |
| Depreciation and amortisation | **-** | - | **-** | - |
| Interest expense | **-** | - | **-** | - |
| Income tax expense | **-** | - | **-** | - |
| **(Loss) / Profit from continuing operations** | **(44)** | - | **58** | - |
| **(Loss) / Profit for the period** | **(44)** | - | **58** | - |
| Other comprehensive income | **-** | - | **-** | - |
| **Total comprehensive income** | **(44)** | - | **58** | - |

## 35. EVENTS OCCURRING AFTER THE REPORTING PERIOD

During July and August 2021, significant trading restrictions have been implemented across Australia which has impacted upon the results. Generally, retail and trade customers can continue shopping online and avail themselves to home delivery or contact free click and collect. This has had no material effect on the financial statements for the 52 weeks ended 27 June 2021.

Ian Bunnett, Managing Director – Sales has resigned and will be leaving the Beacon Lighting Group in August 2021. His responsibilities have been allocated to other executives.

A fully franked dividend of $10,272,785 was declared on 18 August 2021.

Other than the above, there has been no other matter or circumstance that has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

## 36. CASH FLOW INFORMATION

### (a) Reconciliation of Profit After Income Tax to Net Cash Inflow from Operating Activities

| Consolidated Entity | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Profit for the period | **37,658** | 22,225 |
| Depreciation | **26,399** | 24,444 |
| Net gain / (loss) on disposal of non-current assets | **692** | (7,836) |
| Amortisation | **20** | 20 |
| Impairment of fixed assets | **481** | 335 |
| Share based payments | **238** | 81 |
| Net exchange differences | **217** | 12 |
| *Change in operating assets and liabilities:* | | |
| (Increase) decrease in receivables | **832** | 3,434 |
| (Increase) decrease in inventories | **(4,855)** | 5,615 |
| (Increase) decrease in deferred tax assets | **(124)** | (1,824) |
| (Increase) decrease in other operating assets | **979** | (456) |
| (Decrease) increase in payables | **(788)** | 4,976 |
| (Decrease) increase in provision for income taxes payable | **(1,798)** | 3,806 |
| (Decrease) increase in other provisions | **1,272** | 519 |
| **Net cash inflow from operating activities** | **61,223** | 55,351 |

### (b) Reconciliation of Liabilities Arising from Financing Activities

| Consolidated Entity | Leases due within 1 year $'000 | Leases due after 1 year $'000 | Borrowings due within 1 year $'000 | Borrowings due after 1 year $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Balance as at 30 June 2019** | **(426)** | **(515)** | **(31,055)** | **(18,944)** | **(50,940)** |
| Adjustment due to change in accounting policy* | (21,679) | (83,574) | - | - | (105,253) |
| | **(22,105)** | **(84,089)** | **(31,055)** | **(18,944)** | **(156,193)** |
| Cash flows | (1,137) | (5,987) | 13,857 | 5,744 | 12,477 |
| **Balance as at 28 June 2020** | **(23,242)** | **(90,076)** | **(17,198)** | **(13,200)** | **(143,716)** |
| | | | | | |
| **Balance as at 28 June 2020** | **(23,242)** | **(90,076)** | **(17,198)** | **(13,200)** | **(143,716)** |
| Cash flows | (1,837) | (7,604) | (1,419) | 13,200 | 2,340 |
| **Balance as at 27 June 2021** | **(25,079)** | **(97,680)** | **(18,617)** | **-** | **(141,376)** |

*Applicable from FY2020 due to adoption of AASB 16

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## 37. CRITICAL ACCOUNTING ESTIMATES

The preparation of 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 that involve a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong are detailed in Note 10, 19 and 23. The Group has assessed the calculation of inventory valuation, warranty provision and lease liabilities to be critical accounting estimates.

## 38. PARENT ENTITY FINANCIAL INFORMATION

**(a) Summary Financial Information**

The individual financial report for the parent entity show the following aggregate amounts:

| BEACON LIGHTING GROUP LIMITED | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| **Balance sheet** | | |
| **Assets** | | |
| Current assets | **35,879** | 32,055 |
| Non-current assets | **88,675** | 88,483 |
| **Total assets** | **124,554** | 120,538 |
| **Liabilities** | | |
| Current liabilities | **2,239** | **2,213** |
| Non-current liabilities | **8** | **-** |
| **Total liabilities** | **2,247** | **2,213** |
| **Net assets** | **122,307** | **118,325** |
| **Equity** | | |
| Contributed equity | **96,628** | 94,575 |
| Reserves | **28** | 181 |
| Retained profits | **25,651** | 23,569 |
| **Total equity** | **122,307** | 118,325 |
| | | |
| Profit / (Loss) for the period | **1,778** | 3,271 |
| **Total comprehensive income** | **1,778** | 3,271 |

**(b) Contingent Liabilities of the Parent Entity**

The parent entity did not have any contingent liabilities as at 27 June 2021 or 28 June 2020.

## 39. DEED OF CROSS GUARANTEE

Beacon Lighting Group Limited and Beacon Lighting Corporation are parties to a deed of cross guarantee under which each Group guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations Instrument 2016/914 issued by the Australian Securities and Investment Commission.

The above companies represent a closed Group for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Beacon Lighting Group Limited, they also represent the extended closed Group.

Set out below is a consolidated income statement, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the 52 weeks ended 27 June 2021 of the closed Group consisting of Beacon Lighting Group Limited and Beacon Lighting Corporation.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE CLOSED GROUP

| Beacon Lighting Group Limited and Beacon Lighting Corporation Pty Ltd | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| Distribution income | **55,821** | 21,187 |
| Expenses | | |
| General and administration | **(5,100)** | (3,988) |
| **Profit before income tax** | **50,721** | 17,199 |
| Income tax expense | **(15,524)** | (5,420) |
| **Profit for the period attributable to the members of the closed Group** | **35,197** | 11,778 |
| Other comprehensive income | | |
| *Items that may be reclassified to profit or loss* | | |
| Changes in the fair value of derivatives | **-** | 221 |
| Income tax relating to these items | **-** | (66) |
| **Other comprehensive income for the period, net of tax** | **-** | 155 |
| **Total comprehensive income for the period attributable to the members of the closed Group** | **35,197** | 11,934 |

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## CONSOLIDATED BALANCE SHEET OF THE CLOSED GROUP

| Beacon Lighting Group Limited and Beacon Lighting Corporation Pty Ltd | FY2021 $'000 | FY2020 $'000 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | **2,887** | 3,071 |
| Trade and other receivables | **685** | 2,131 |
| Current tax asset | **-** | - |
| Other current assets | **-** | - |
| Related party receivables | **63,065** | 51,588 |
| **Total current assets** | **66,637** | 56,790 |
| **Non-current assets** | | |
| Deferred tax assets | **13,433** | 13,168 |
| Investment in subsidiaries | **85,874** | 70,634 |
| **Total non-current assets** | **99,307** | 83,802 |
| **Total assets** | **165,944** | 140,592 |
| **Current liabilities** | | |
| Trade and other payables | **1,586** | 1,146 |
| Borrowings | **-** | - |
| Derivative financial instruments | **-** | - |
| Provisions | **656** | 652 |
| Current tax liabilities | **2,440** | 286 |
| **Total current liabilities** | **4,682** | 2,084 |
| **Non-current liabilities** | | |
| Provisions | **3,432** | 3,080 |
| **Non-current liabilities** | **3,432** | 3,080 |
| **Total liabilities** | **8,114** | 5,164 |
| **Net assets** | **157,830** | 135,428 |
| **Equity** | | |
| Contributed equity | **72,271** | 70,217 |
| Other reserves | **28** | 181 |
| Retained earnings | **85,531** | 65,030 |
| **Total equity** | **157,830** | 135,428 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE CLOSED GROUP

| Beacon Lighting Group Ltd and Beacon Lighting Corporation | Contributed equity $'000 | Reserves $'000 | Retained earnings $'000 | Total equity $'000 |
|---|---|---|---|---|
| **Balance as at 30 June 2019** | **68,224** | **84** | **73,471** | **141,779** |
| Adjustment for change in accounting policy | - | - | (10,110) | (10,110) |
| **Restated balance at prior year** | 68,224 | 84 | 63,361 | 131,669 |
| Profit for the year | - | - | 11,778 | 11,778 |
| Other comprehensive income | - | 155 | - | 155 |
| **Total comprehensive income for the period** | **-** | **155** | **11,778** | **11,933** |
| *Transactions with owners in their capacity as owners:* | | | | |
| Issue of shares via dividend reinvestment plan | 1,993 | - | - | 1,993 |
| Issue of shares to employees | - | - | - | - |
| Employee share scheme | - | (339) | - | (339) |
| Treasury shares | - | 281 | - | 281 |
| Dividends provided for or paid | - | - | (10,109) | (10,109) |
| Total contributions by and distributions to owners | 1,993 | (58) | (10,109) | (8,174) |
| **Balance as at 28 June 2020** | **70,217** | **181** | **65,030** | **135,428** |
| | | | | |
| **Balance as at 28 June 2020** | **70,217** | **181** | **65,030** | **135,428** |
| Profit for the year | - | - | 35,197 | 35,197 |
| Other comprehensive income | - | - | - | - |
| **Total comprehensive income for the period** | **-** | **-** | **35,197** | **35,197** |
| *Transactions with owners in their capacity as owners:* | | | | |
| Issue of shares via dividend reinvestment plan | **2,054** | **-** | **-** | **2,054** |
| Issue of shares to employees | **-** | **-** | **-** | **-** |
| Employee share scheme | **-** | **39** | **-** | **39** |
| Treasury shares | **-** | **(192)** | **-** | **(191)** |
| Dividends provided for or paid | **-** | **-** | **(14,696)** | **(14,696)** |
| Total contributions by and distributions to owners | **2,054** | **(153)** | **(14,696)** | **(12,795)** |
| **Balance as at 27 June 2021** | **72,271** | **28** | **85,532** | **157,830** |

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# DIRECTORS' Declaration

In the opinion of the Directors:

(a) The Financial Statements, notes and the additional disclosures set out on pages 30 to 84 are in accordance with the Corporations Act 2001 (Cth), including:

  (i) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

  (ii) Giving a true and fair view of the consolidated entity's financial position as at 27 June 2021 and of its performance for the 52 weeks ended on that date.

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable,

(c) At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group identified in Note 38 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 39,

(d) Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board and

(e) The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by the section 295A of the Corporations Act 2001 (Cth).

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



**Ian Robinson**
Executive Chairman



**Glen Robinson**
Chief Executive Officer

Melbourne, 18 August 2021

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# *Independent auditor's report*

To the members of Beacon Lighting Group Limited

## *Report on the audit of the financial report*

### *Our opinion*

In our opinion:

The accompanying financial report of Beacon Lighting Group Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 27 June 2021 and of its financial performance for the 52 week period (the period) then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

***What we have audited***

The Group financial report comprises:

- the consolidated balance sheet as at 27 June 2021
- the consolidated statement of comprehensive income for the period then ended
- the consolidated statement of changes in equity for the period then ended
- the consolidated statement of cash flows for the period then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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

***Independence***

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

***PricewaterhouseCoopers, ABN 52 780 433 757***
*2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001*
*T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au*

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## Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.




| Materiality | Audit scope |
|---|---|
| • For the purpose of our audit we used overall Group materiality of $2.68 million, which represents approximately 5% of the Group's profit before tax.<br>• We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.<br>• We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.<br>• We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds. | • Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.<br>• The Group sells lighting products to customers primarily in Australia. The products are held at the Group's warehouses and stores throughout Australia and several overseas locations. The accounting processes are structured around a Group finance function at its corporate head office in Melbourne. |

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit 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. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

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| *Key audit matter* | *How our audit addressed the key audit matter* |
|---|---|
| ***Existence and valuation of inventories*** *(Refer to note 10)*<br><br>Inventory management is a key business process for the Group. Inventory represents a significant asset on the consolidated balance sheet at $67.9m. The inventory is held at Group managed and third party distribution centres in Australia and overseas, within stores or in transit to those locations.<br><br>Inventory is valued at the lower of cost or net realisable value. This valuation is determined net of a provision, which is applied where the Group believes there is risk that the costs incurred in buying and preparing inventory for sale will not be realised through sale. This provision is made by the Group throughout the period based on identified slow moving and obsolete inventory.<br><br>We considered this a key audit matter due to the:<br>• financial significance of the inventory balance in the consolidated balance sheet<br>• judgement required by the Group to determine which costs should be included in the cost of inventory.<br>• judgement required by the Group to estimate future selling prices to determine the net realisable value of inventory on hand | We developed an understanding of the controls over inventory and assessed whether they were appropriately designed and were operating effectively throughout the period, to the extent relevant to our audit.<br><br>We performed the following procedures, amongst others:<br>• Traced a sample of inventory items from the Group's inventory listing back to original invoices and shipping documents.<br>• Examined the appropriateness of the type of supply chain costs included in the cost of inventory.<br>• For a sample of inventory items, re-performed the system generated calculation of the weighted average cost of the individual inventory item.<br>• Re-performed a sample of inventory counts at selected locations that included attendance at the Group's distribution centres in Melbourne and Brisbane and selected stores.<br>• Obtained confirmations from a sample of third parties regarding the existence of inventory held at third party locations.<br>• Inspected the sales price of a sample of inventory items sold during July 2021 to determine whether items sold below cost were included in the Group's inventory net realisable value provision.<br>• Examined the appropriateness of the methodology and performed tests to evaluate the reliability and relevance of underlying data used to calculate the inventory obsolescence provision and assessed whether it was consistent with the Group's accounting policy.<br>• Evaluated the appropriateness of inventory obsolescence provision by considering the gross margins recognised by the Group and the inventory turnover ratio and ageing, and compared the provision to the provision recognised in the prior period. |

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| *Key audit matter* | *How our audit addressed the key audit matter* |
|---|---|
| ***Accounting and disclosure of the Group's investment in related party property entities*** *(Refer to note 33)*<br><br>During the period, the Group invested $15.2m in the Large Format Property Fund (the Fund), with the objective of acquiring properties for the purpose of leasing to the Group's stores and third party large format retailers. The Fund is 50% owned by the Group and 50% owned by Rebeach Pty Ltd (an entity controlled by Ian Robinson, Executive Chairman and majority shareholder of the Group). The Fund acquired four properties during the year.<br><br>The Large Format Management Company Pty Ltd (Management Company) was established as the trustee, property manager and fund manager of the Fund. Its responsibilities include managing and directing the activities of the Fund.<br><br>On 24 June 2021, Farrlong Pty Ltd as trustee for the Bacalla Trust which is controlled by the Robinson Family subscribed for 55% of the shares of the Management Company. The Group owns the remaining 45%. Prior to 24 June 2021 the Group held 100% and was considered to control the Fund and Management Company. Accordingly, the Fund and Management Company were consolidated into the Group's results. Subsequent to 24 June 2021 the Group accounted for its interest in the Fund and Management Company as an investment in associate, applying the equity method of accounting.<br><br>We considered this as a key audit matter due to the:<br>• financial significance of the Group's investment in the Fund<br>disclosure of related parties involvement in the arrangement<br>• judgement involved in assessment of control and determination of appropriate accounting for the loss of control of the Fund and Management and for the Group's remaining share in the Fund and Management in accordance with Australian Accounting Standards. | We performed the following procedures, amongst others:<br><br>• developed an understanding of the purpose, terms and conditions of the change of ownership of the Management Company by:<br>o reading the Unitholders' Agreement, Shareholders Agreement, minutes of meetings of the Board and other relevant documents<br>o holding discussions with management, the Group's directors and legal adviser<br>• assessed the Group's accounting treatment and key judgements made in the determination of control of the Fund and Management Company prior to and after the change in ownership structure, in accordance with Australian Accounting Standards.<br>• agreed the property acquisitions during the year to supporting evidence and assessed whether the acquisitions were accounted for in accordance with the Australian Accounting Standards.<br>• assessed the appropriateness, completeness and accuracy of accounting of the Group's loss of control of the Fund and Management Company including the measurement of its retained interest in the Fund, in accordance with the requirements of Australian Accounting Standards.<br>• assessed the reasonableness of disclosures in Note 33 in light of the requirements of Australian Accounting Standards. |

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## *Other information*

The directors are responsible for the other information. The other information comprises the information included in the annual report for the 52 week period ended 27 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

## *Responsibilities of the directors for the financial report*

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

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

## *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

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## *Report on the remuneration report*

### *Our opinion on the remuneration report*

We have audited the remuneration report included in pages 20 to 28 of the directors' report for the 52 week period ended 27 June 2021.

In our opinion, the remuneration report of Beacon Lighting Group Limited for the 52 week period ended 27 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.

PricewaterhouseCoopers

Jason Perry
Partner

Melbourne
18 August 2021

# SHAREHOLDERS' Information

In accordance with Section 4.10 of the Australian Stock Exchange Limited Listing Rules, the Directors provide the following information.

## SHAREHOLDING ANALYSIS

**(a) Distribution of Shareholders**

At 16 July 2021, the distribution of shareholdings was as follows:

| Size of Shareholding | Number of Shareholders |
|---|---|
| 1 - 1,000 | 317 |
| 1,001 – 5,000 | 443 |
| 5,001 – 10,000 | 306 |
| 10,001 – 100,000 | 626 |
| Over 100,000 | 71 |
| **Total number of shareholders** | **1,763** |
| Holdings of less than a marketable parcel | - |

**(b) Substantial Shareholdings**

The number of shares held by the substantial shareholders listed in the Company's register of substantial shareholders as at 16 July 2021 were:

| Shareholder | Number of Shares | % Held |
|---|---|---|
| Heystead Nominees Pty Ltd (including Robinson Family members) | 123,890,740 | 55.48% |

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**(c) Class of Shares and Voting Rights**

At 16 July 2021, there were 1,763 holders of ordinary shares of the Company. All of the issued shares in the capital of the parent entity are ordinary shares and each shareholder is entitled to one vote per share.

**Twenty Largest Shareholders as at 16 July 2021:**

| Rank | Name | Units | % Units |
|---|---|---|---|
| 1 | HEYSTEAD NOMINEES PROPRIETARY LIMITED | 123,262,894 | 55.20% |
| 2 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 27,941,969 | 12.51% |
| 3 | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 14,301,018 | 6.40% |
| 4 | CITICORP NOMINEES PTY LIMITED | 11,391,876 | 5.10% |
| 5 | NATIONAL NOMINEES LIMITED | 6,885,503 | 3.08% |
| 6 | RELIABLE BUSINESS CO LTD | 1,675,479 | 0.75% |
| 7 | KJA HOLDINGS PTY LTD <KJA SUPER FUND A/C> | 1,482,739 | 0.66% |
| 8 | BARRIJAG PTY LIMITED <THE HADLEY FAMILY A/C> | 1,000,000 | 0.45% |
| 9 | BANJO SUPERANNUATION FUND PTY LTD <P D EVANS PSF A/C> | 561,000 | 0.25% |
| 10 | UBS NOMINEES PTY LTD | 523,781 | 0.23% |
| 11 | BNP PARIBAS NOMS PTY LTD <DRP> | 514,760 | 0.23% |
| 12 | D & G RITCHIE SUPER PTY LTD <D & G RITCHIE SUPER FUND A/C> | 500,000 | 0.22% |
| 13 | CARINDA PTY LTD | 478,000 | 0.21% |
| 14 | MR ALISTAIR CAMPBELL | 407,075 | 0.18% |
| 15 | BLUE BOAT HOLDINGS PTY LTD <BLUE BOAT INVESTMENT A/C> | 380,000 | 0.17% |
| 16 | NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT> | 342,981 | 0.15% |
| 17 | MR WAYNE FRANCIS WODE | 300,000 | 0.13% |
| 18 | BENAN PTY LTD <BENAN PTY LTD SUPER FUND A/C> | 280,000 | 0.13% |
| 19 | PHED PTY LTD | 277,500 | 0.12% |
| 20 | CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C> | 275,086 | 0.12% |
| | **Total 20 holders of ISSUED CAPITAL** | **192,781,661** | **86.32%** |
| | Total Remaining Holders Balance | 30,539,745 | 13.68% |
| | **Total Shareholders** | **223,321,406** | **100.00%** |

# CORPORATE *Directory*

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## DIRECTORS

| | |
|---|---|
| **Ian Robinson** | Executive Chairman |
| **Glen Robinson** | Chief Executive Officer |
| **(James) Eric Barr** | Deputy Chairman |
| **Neil Osborne** | Non-Executive Director |

## COMPANY SECRETARY

Tracey Hutchinson

## REGISTERED OFFICE

5 Bastow Place
Mulgrave
Victoria

## WEBSITE

**Corporate site**
www.beaconlightinggroup.com.au

**Retail site**
www.beaconlighting.com.au

**Other business websites**
www.beaconlightingtradeclub.com.au
www.beaconinternational.com
www.customlighting.com.au
www.lightsourcesolutions.com.au
www.lightsourcesolutions.co.nz
www.lucciair.com
www.fanaway.com
www.massonforlight.com.au
www.beaconlighting.us
www.beaconlighting.eu
www.connectedlightsolutions.com.au

## LEGAL ADVISORS

Baker & McKenzie
Level 19
181 William Street
Melbourne
Victoria

## AUDITORS

PricewaterhouseCoopers
2 Riverside Quay
Southbank
Victoria

## SHARE REGISTRY

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford
Victoria

## STOCK EXCHANGE LISTING

Beacon Lighting Group Limited (BLX)
shares are listed on the ASX



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# STORE Locations

## VIC

**Abbotsford**
250 Hoddle St

**Ballarat**
Wendouree
Homemaker Centre
333 Gillies St

**Balwyn North**
304 Doncaster Rd

**Bayswater**
216 Canterbury Rd
Bayswater Nth

**Bendigo**
285 High St
Kangaroo Flat

**Burwood**
110 Burwood Hwy

**Camberwell**
347 Camberwell Rd

**Chirnside Park**
Showroom Centre
286 Maroondah Hwy

**Coburg**
Lincoln Mills
Homemaker Centre
64-74 Gaffney St

**Craigieburn**
440 Craigieburn Rd

**Cranbourne**
Cranbourne Home
Cnr Sth Gippsland Hwy
& Thompsons Rd

**Essendon**
Homemaker Hub
120 Bulla Rd
Strathmore

**Fountain Gate**
Casey Lifestyle Centre
430 Princes Hwy

**Frankston**
22 McMahons Rd

**Geelong**
354 Melbourne Rd

**Heidelberg**
2-4 Dora St

**Hoppers Crossing**
283 Old Geelong Rd

**Maribyrnong**
Harvey Norman Centre
169 Rosamond Rd

**Mentone**
27-29 Nepean Hwy

**Moorabbin**
867 Nepean Hwy

**Nunawading**
262 Whitehorse Rd

**Oakleigh**
1402-1404 Dandenong Rd

**Pakenham**
Lifestyle Centre
825 Princes Hwy

**Preston**
23 Bell St

**Scoresby**
1391 Ferntree Gully Rd

**South Melbourne**
50-56 York St

**South Morang**
825 Plenty Rd

**Springvale**
IKEA Homemaker Centre
917 Princes Hwy

**St Kilda**
366 St Kilda Rd

**Thomastown**
Homemaker Centre
Cnr Dalton and
Settlement Rds

**Warrnambool**
1-49 Raglan St

**Watergardens**
Homemaker Centre
440 Keilor-Melton Hwy

**Waurn Ponds**
Homemaker Centre
235 Colac Rd
(Princes Hwy)

## NSW

**Albury Wodonga**
Harvey Norman Centre
94 Borella Rd
Albury

**Alexandria**
Homemaker Centre
Cnr O'Riordan
& Doody Sts

**Artarmon**
Home HQ North Shore
Cnr Reserve Rd
& Frederick St

**Bankstown**
Home Central
9 - 67 Chapel Rd South

**Belrose**
Supa Centa Belrose
4-6 Niangala Cl

**Brookvale**
577-579 Pittwater Rd

**Carlton**
367 Princes Hwy

**Campbelltown**
Homebase
24 Blaxland Rd

**Camperdown**
139-143 Parramatta Rd

**Castle Hill**
Home Hub Hills
Cnr Victoria & Hudson Ave

**Crossroads**
Homemaker Centre
Parkers Farm Place
Casula

**Crows Nest**
118 Falcon St

**Gladesville**
Wharf Sqaure
8 Wharf Rd

**Gosford**
Hometown
356 Manns Rd

**Hornsby**
Cnr Pacific Hwy
& Yardley Ave
Waitara

**Killara**
694 Pacific Hwy

**Kotara**
Kotara Home
108 Park Ave

**Lake Haven**
Home Mega Centre
Lake Haven Drv

**Marsden Park**
Home Hub
9 Hollinsworth Rd

**McGraths Hill**
Home Central
264-272 Windsor Rd

**Mittagong**
Highlands
Homemaker Centre
205 Old Hume Hwy

**Moore Park**
Supa Centa Moore Park
Cnr Sth Dowling St
& Todman Ave

**Penrith**
Cnr Mulgoa Rd
& Wolseley St

**Port Macquarie**
180 Lake Rd

**Prospect**
Homebase
19 Stoddart Rd

**Rutherford**
Harvey Norman Centre
366 New England Hwy

**Shellharbour**
146 New Lake
Entrance Rd

**Taren Point**
105 Parraweena Rd

**Tweed Heads**
29-41 Greenway Dr

**Warners Bay**
Warners Bay Home
240 Hillsborough Rd

## ACT

**Fyshwick**
175 Gladstone St

**Gungahlin**
14/5 Hibberson St

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## QLD

**Bundall**
61 Upton St

**Burleigh Stockland Centre**
177-207 Reedy
Creek Rd

**Cairns**
331 Mulgrave Rd

**Cannon Hill Homemaker Centre**
1881 Creek Rd

**Capalaba Freedom Home Centre**
67 Redland Bay Rd

**Carseldine Homemaker Centre**
1925 Gympie Rd

**Fortitude Valley Homemaker City North**
111 McLachlan St

**Helensvale**
Homeworld
502 Hope Island Rd

**Hervey Bay**
140 Boat Harbour Drv

**Ipswich**
Ipswich Riverlink
Shopping Centre
Cnr The Terrace
& Downs St

**Jindalee Homemaker City**
182 Sinnamon Rd

**Kawana**
2 Eden St
Minyama

**Macgregor**
550 Kessels Rd

**Mackay**
2/2 Heaths Rd

**Maroochydore**
Sunshine Homemaker
Centre
72 Maroochydore Rd

**Morayfield**
Supa Centre
344 Morayfield Rd

**Noosa**
Noosa Civic
Eenie Creek Rd

**Northlakes**
Primewest Northlakes
Cnr Lakes Dve & Mason St

**Rockhampton**
Red Hill
Homemaker Centre
Cnr Yaamba &
Richardson Rds

**Southport**
Bunnings Complex
542 Olsen Ave

**Toowoomba**
Harvey Norman Centre
910 Ruthven St

**Townsville - Fairfield**
Homemaker Centre
1 D'Arcy Dr

**Townsville - Garbutt**
Mega Centre
Cnr Dalrymple Rd
& Duckworth St

**Tweed Head**
29-41 Greenway Dr

**Underwood**
34 Compton Rd

**Virginia**
1860 Sandgate Road

**Windsor Homemaker City**
190 Lutwyche Rd

## WA

**Baldivis**
Safety Bay Rd

**Belmont**
225 Great Eastern Hwy

**Bunbury**
Home Maker Centre
42 Strickland St

**Cannington**
21 William St

**Claremont**
201-207 Stirling Hwy

**Clarkson**
Ocean Keys
Homemaker Centre
61 Key Largo Drv

**Jandakot**
South Central
Cockburn
87 Armadale Rd

**Joondalup**
3 Sundew Rise

**Malaga**
Home Centre
655 Marshall Rd

**Mandurah Home City**
430 Pinjarra Rd

**Midland**
Midland Central
4 Clayton St

**Myaree**
Melville Square
248 Leach Hwy

**Osborne Park**
Hometown
381 Scarborough Beach Rd

## SA

**Churchill**
Churchill Centre South
252 Churchill Rd
Kilburn

**Gepps Cross**
Home HQ
750 Main North Rd

**Melrose Park**
Melrose Plaza
1039 South Rd

**Mile End**
Mile End Home
121 Railway Tce

**Modbury**
985 North East Rd

**Munno Para**
Harvey Norman Centre
600 Main North Rd
Smithfield

**Noarlunga**
Harvey Norman Centre
2 Seaman Dr

## NT

**Darwin**
Homemaker Village
356-362 Bagot Rd
Millner

## TAS

**Launceston**
40 William St

**Moonah**
7-9 Derwent Park Rd



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