ignite

2022 ANNUAL REPORT

igniteco.com

IGNITE LIMITED

ABN 43 002 724 334

Registered office

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Kingston ACT 2604

Principal place of business

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Share registry

Computershare Investor Services Pty Limited
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www.computershare.com.au

Chairperson

Garry Sladden

Chief Executive Officer

Timothy Moran

Chief Financial Officer

Mahendra Tharmarajah

Company Secretary

Ian Gilmour

Australian Securities Exchange listing

IGN

Auditors

PKF
Level 8, 1 O'Connell Street
Sydney NSW 2000

Solicitors

Hall & Wilcox
Level 18, 347 Kent Street
Sydney NSW 2000

Bankers

National Australia Bank
NAB Place, Level 3, 2 Carrington Street
Sydney NSW 2000

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IGNITE LIMITED

ABN 43 002 724 334

2022 ANNUAL REPORT

CHAIRPERSON'S LETTER

Dear Shareholder

The statutory result for the Group was a loss after income tax of $285k versus a statutory net profit after tax of $2,415k for the 2021 financial year, which included JobKeeper.

It is pleasing to report an underlying operating profit for the 2022 financial year of $209k, a significant improvement on the $115k underlying operating loss in the comparative period. The 2022 statutory loss after income tax to underlying operating profit reconciliation is provided on page 4.

In addition, for the first time in at least 10 years the Group achieved year on year growth at both revenue and gross profit, as well as an improvement in gross profit margin. Furthermore, we achieved quarter on comparative quarter revenue and gross profit growth for the first three quarters of the financial year, with the fourth quarter revenue subdued due to the Federal Government election in May 2022.

The 2022 financial year was the first full year in which our Chief Executive Officer ("CEO") Tim Moran lead the business, having been appointed in March 2021. Tim has certainly had a positive impact on the business building out his leadership team and implementing his three-year strategy. Despite the ongoing impact of COVID-19, the overall performance of the business is certainly testament to the efforts of Tim, his leadership team and all the staff at Ignite who focused on ensuring the needs of our customers, candidates and contractors were met to the best of their ability.

The Group once again generated more than 90% of its revenues and gross profit in 2022 through contingent labour services, and in particular, services to Federal and State Government customers. The delivery of skilled technology resources to our Federal Government customer base continues to be a cornerstone of the Group. We expect this customer segment and sector focus to provide a strong foundation for the Groups' continued growth and performance over the next few years.

The 2022 financial year was also the first year of the CEO's three-year strategy to "invest, transform and grow". The year focused on investing in new leaders and consultants across the business and in particular Federal Government and technology, investing in a national resource centre to develop talent pools and source candidates, investing in learning and development training and career pathways, increased marketing, a company-wide IT hardware refresh, two new cloud-based applications to replace legacy applications and repositioning of the managed services businesses and their services.

As the financial year drew to a close, we saw strong customer demand for labour compounded by a shortage of available skilled candidates due to a combination of historically low unemployment and reduced Australian immigration from COVID-19 related border closures. In addition, current rising inflation and increases in interest rates point to upward wage pressure. We expect these factors to be advantageous to the Group, highlighting the role our consultants play in assisting our customers source candidates while also benefitting from underlying wage increases which flow through to revenue and gross profit.

We are very fortunate and privileged to have a team of dedicated and committed staff that care about Ignite and delivering the best possible service to our customers, candidates and contractors. The Directors are once again appreciative of the combined efforts of the leadership team and all Ignite staff to deliver this year's result.

On behalf of the Directors, I would also like to thank our shareholders for their continuing support and patience.

Garry Sladden
Chairperson

CHIEF EXECUTIVE OFFICER'S REPORT

The 2022 financial year was my first full year leading Ignite and I am very pleased to have been able to work with the leadership team and the staff to deliver an underlying operating profit of $209k, up $324k (281.7%) on the underlying operating loss in the comparative period. The 2022 statutory loss after income tax to underlying operating profit reconciliation is provided on page 4.

More pleasing was that this operating result was achieved through growth at both revenue and gross profit, with 1.4% and 4.5% year on year growth respectively. The 2022 financial year represented the first time the Group has grown at revenue and gross margin in over 10 years.

As such, I'd like to take the opportunity to firstly thank our customers, candidates and contractors who have all again shown great loyalty and support to Ignite this year. I'd also like to thank the Ignite team who have worked with great passion and dedication as we continue the journey to rebuild the business and establish ourselves as a market leader within the staffing and solutions industry.

As for many other staffing businesses, the 2022 financial year provided strong market conditions and for the Group a good opportunity to implement the key initiatives highlighted for this year in our three-year strategic plan. The strength of our customer base, particularly in Federal Government, our core sector focus in technology and engineering, as well as the resilience and focus of our staff allowed us to achieve the best underlying operating result in many years. I am optimistic that this signals the beginning of consistent year on year growth in revenue and gross profit for the Group.

At the beginning of the 2022 financial year I presented our three-year strategy to "invest, transform and grow". This plan focused on investing in the foundations for the Group to embark upon a path to consistent and profitable growth that would offer opportunities and generate value for all our stakeholders.

The "invest" phase of the strategy in the 2022 financial year involved establishing vertical market specialisms across our technology business, further developing our Federal Government capability, moving to an account manager and resourcer national account management model, developing and implementing a human resource and people strategy and defining a go-to-market strategy for the managed services businesses.

Specialist Recruitment continues to be our core focus and the primary contributor to revenue and gross profit. Within Specialist Recruitment we established the national account management model with account managers supported by staff from the new centralised National Resource Centre who focus purely on talent pooling and candidate sourcing for our Federal Government and commercial customers. We also hired new business leaders and consultants into our Federal Government and technology businesses.

During the year we refined the focus and service offering within our managed services businesses, On Demand IT Services and Talent Solutions. These businesses typically operate at higher margins and conversion ratios and are part of our long-term strategy to grow revenue, improve gross profit and increase conversion at net profit. This resulted in a restructure of the On Demand IT Services business in the fourth quarter that will enable us to focus on the most profitable customers and technology projects going into the 2023 financial year at lower fixed operating costs. We also made a significant investment during the financial year in replacing the division's legacy customer and contractor management system with a cloud-based application. In the fourth quarter of the 2022 financial year we began to see a post COVID-19 lockdown recovery in NSW and Victoria and expect this to drive a stronger financial performance in the 2023 financial year.

In the Talent Solutions business we revised the go to market strategy and rebranded the division to "Technology & Talent Solutions" in the June 2022 quarter to better reflect the focus of its services. We also bolstered the capabilities of the team in the second half of the financial year with the addition of several skilled and experienced executives to support the development and delivery of solutions for our customers. The team continues to focus on building out its pipeline of new projects with existing and new customers across several service lines and revenue streams and we are expecting an improved performance in the 2023 financial year.

We have also developed and rolled out our HR and people strategy initially developing career pathways and learning and development programs for our Specialist Recruitment staff. We expect to expand these programs to the wider business.

CHIEF EXECUTIVE OFFICER'S REPORT
(continued)

In our shared services team we migrated our IT management and support function from an inhouse model to an outsourced model with a managed services provider.

We also completed the migration of our legacy finance application to a contemporary cloud-based application during the financial year.

In the 2023 financial year we move into year two of the three-year strategy focusing on the "transform" phase. This will involve expanding the capabilities of the National Resource Centre to support multiple service lines, expanding our geographical footprint within Australia, establishing an enterprise client development team and actively promoting our managed services offering in the market.

Technology and engineering will remain our primary sector focus during the 2023 financial year with significant ongoing investment in new consultants in the 2022 financial year. We continue to actively source and attract business leaders and recruitment consultants to join the Specialist Recruitment business to ensure adequate resources are available to capitalise on the long-term market opportunity. We strongly believe that our brand, strategy and improving financial performance will continue to attract the talent to deliver on our objectives.

From a customer perspective, we continue to focus on Federal Government and will work with commercial customers as partnership opportunities emerge through our enterprise client development team which is a focus for the 2023 financial year.

In the Specialist Recruitment division, customer demand for contingent labour and permanent recruitment is currently strong and this is expected to improve from current levels during the September 2022 quarter across the Group's Federal Government and commercial customers. In particular, demand from the Group's Federal Government customer base in the technology vertical is expected to rebound after a softer June 2022 quarter due to the Federal Government election. Meanwhile, the engineering vertical which delivered a strong result in the 2022 financial year is expected to also deliver a strong performance.

Permanent recruitment, which is proportionately a small contributor to gross profit, experienced quarter-on-quarter growth through the 2022 financial year. Despite possible economic headwinds this trend is expected to be maintained in the September 2022 quarter as businesses continue to invest in resources for the 2023 financial year and beyond.

Customer demand for contingent labour and permanent resources is currently strong across all geographic markets and sectors. Reduced Australian immigration due to COVID-19 related border restrictions and the June 2022 seasonally adjusted unemployment rate of 3.5% point to a shortage of qualified skilled candidates in the market. In addition, the June 2022 annual consumer price index of 6.1% and rising official cash rates point to an increased cost of living with resultant upward pressure on salaries and wages.

We expect these factors to positively favour the Group, highlighting the vital role our consultants play in sourcing candidates for our customers while also benefiting from upward pressure on revenue and gross profit from any increase in the cost of labour.

As the broader economic outlook today is different than 12 months ago our plans will retain a degree of flexibility where we can be proactive and will always consider "current" market conditions and maintaining our focus on profitable growth. We do feel, however, that we are well placed given the proportion of the Group's gross margin derived from contingent labour and the robust nature of our Federal Government customer base.

We are confident in the key components of our strategy and the core customer and sector focus for the 2023 financial year.

Tim Moran

Tim Moran
Chief Executive Officer

FINANCIAL AND OPERATIONAL REVIEW

Key financial metrics

The financial year reflected the following movements on the comparative period.

	2022 $000	2021 $000	Change $000	Change +/ (-) %
Revenue	115,522	113,878	1,644	1.4
Gross profit	14,089	13,488	601	4.5
Gross profit margin	12.2%	11.8%	-	-
Statutory (loss)/ profit for the year, net of income tax	(285)	2,415	(2,700)	(111.8)
Underlying operating profit/ (loss)	209	(115)	324	281.7
Employee benefits expense	(9,899)	(9,719)	(180)	(1.9)
Occupancy expense	(602)	(631)	29	4.6
Other expenses	(3,294)	(2,694)	(600)	(22.3)
Corporate overheads	(5,757)	(5,582)	(175)	(3.1)
Net cash (used in)/ from operating activities	(779)	670	(1,449)	(216.3)
Net cash used in operating activities before Net JobKeeper[1]	(779)	(1,881)	1,102	58.6
Debtor finance facility	(2,320)	(783)	(1,537)	(196.3)
Cash	367	87	280	321.8
Net assets	5,012	5,330	(318)	(6.0)
Gearing	28.0%	11.5%	-	-

Financial review

In the 2022 financial year, the statutory loss from ordinary activities after income tax was $285k versus a $2,415k statutory profit in the comparative period. The loss from ordinary activities before financing and tax was $99k versus a $2,631k profit in the comparative period primarily reflecting Net JobKeeper[1] received in the comparative period.

The underlying operating result was a profit of $209k (2021: $115k loss) after adjusting for non-recurring expenditure incurred during the 2022 financial year. Non-recurring expenditure related to, amongst other things, systems implementation costs, legal and professional fees incurred in dealing with an extraordinary general meeting and various shareholder matters as well as redundancy costs related to the On Demand IT Services division restructure.

Consolidated profit before corporate overheads and tax decreased 31.6% to $5,472k (2021: $7,997k), a movement of $2,525k, primarily reflecting Net JobKeeper received in the comparative period. Excluding the benefit of Net JobKeeper in the comparative period, consolidated profit before corporate overheads and tax increased 0.5% in the current financial year.

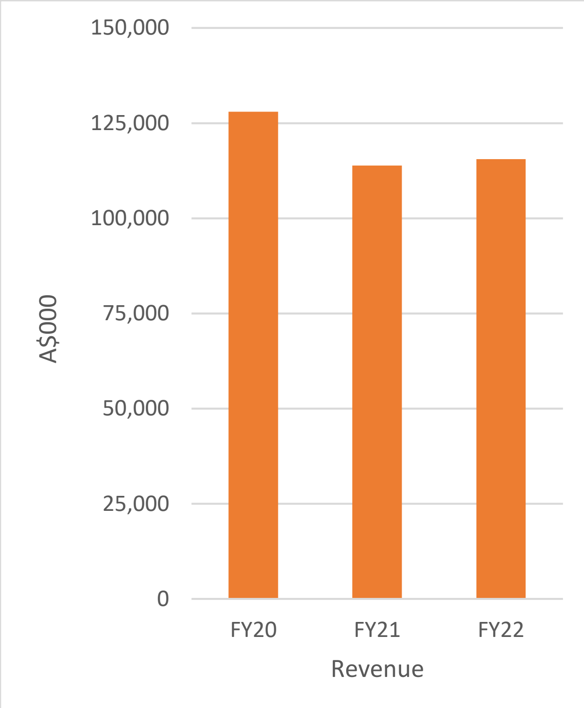
	2022 $000	2021 $000
Statutory loss/ (profit)	(285)	2,415
Add back		
Systems implementation costs	216	-
Legal and professional fees	175	21
Redundancy costs	53	-
Other	50	-
Less	-	-
Net JobKeeper[1]	-	2,551
Underlying operating profit/ (loss)	209	(115)

Revenue increased 1.4% from $113,878k to $115,522k in the financial year while gross profit increased 4.5% from $13,488k to $14,089k and the gross profit margin increased slightly from 11.8% to 12.2%. The greater increase in gross profit relative to the revenue increase was due to the higher gross profit contribution from permanent recruitment revenue.

1. Net JobKeeper equates to $2,551k, being the JobKeeper Payment subsidies received less payment of “top-up” wages to eligible staff and contractors in the comparative period.

FINANCIAL AND OPERATIONAL REVIEW (continued)

Financial review (continued)



The Australian and New Zealand Specialist Recruitment business accounted for 92.6% of revenue (2021: 91.9%), the On Demand IT Services business accounted for 6.2% (2021: 7.1%) and the Technology & Talent Solutions business made up the balance.

Employee benefits expense increased $180k (1.9%) primarily due to increased salary costs following the establishment of the National Resource Centre, redundancy costs from the restructure of On Demand IT Services and fees for an additional director offset by lower short-term performance-based incentive payments and provisions. Total internal headcount at 30 June 2022 was 87 versus 72 in the comparative period.

The 4.6% reduction in occupancy expense was associated with negotiating lower rates on short-term lease renewals.

Other expenses meanwhile increased 22.3% on the comparative period. This increase reflected increased marketing and advertising expenditure of 60.9% with large price increases from Seek as well as insurance premium increases of 38.2% on renewal. Professional fees, principally legal fees, increased 27.4% due to a number of shareholder related matters including an extraordinary general meeting during the financial year. In addition, consulting fees increased 67.3% reflecting the outsourcing of the internal IT function to a managed services provider and the one-time costs associated with the implementation of two software as-a-service ("SaaS") platforms during the financial year. These SaaS platforms have replaced the legacy financial system and the legacy customer and contractor management system supporting the On Demand IT Services division.

Cash and cash equivalents at 30 June 2022 increased 321.8% to $367k (2021: $87k). Net cash used in operating activities was $779k (2021: $670k cash from operating activities), a 216.3% decrease for the financial year with the movement largely due to the Net JobKeeper cash receipts in the comparative period. The reduction in cash receipts from Government grants in the current financial year was partly offset by improved cash collections on the back of higher revenue and improved trade receivables ageing. Cash receipts from customers increased $2,311k (1.8%) to $127,378k (2021: $125,067k) while payments to suppliers and employees increased $1,165k (1.0%) to $119,719k (2021: $118,554k), a net improvement of $1,146k (17.6%) in the financial year.

Cash used in investing activities of $58k reflected investment in computer equipment as part of a company-wide computer hardware refresh project during the financial year. Cash from financing activities was $1,139k (2021: $990k cash used in financing activities) comprising debtor finance facility borrowings of $1,537k offset by payment of lease liabilities of $398k (2021: $586k).

FINANCIAL AND OPERATIONAL REVIEW (continued)

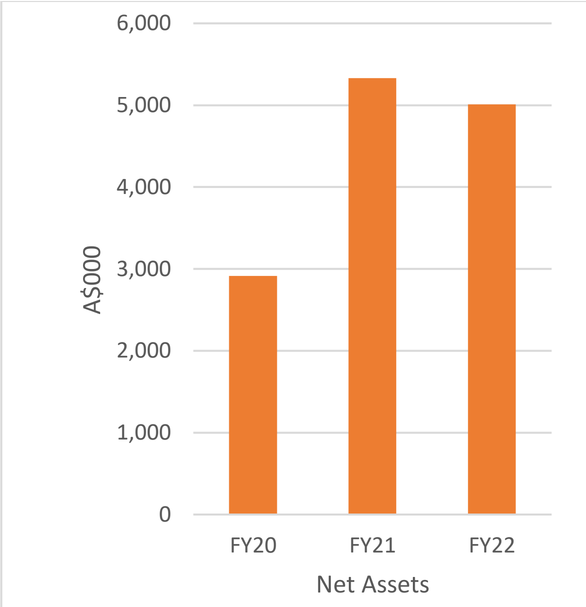
Financial review (continued)

The debtor finance facility provides working capital and the drawdown fluctuates during the course of a month depending on customer billing cycles and contractor payments, as well as the timing of staff payroll, supplier payments and Federal and State Government statutory payments. The debtor finance facility increased to $2,320k at 30 June 2022 (2021: $783k). Consequently, gearing increased to 28.0% (2021: 11.5%) with net debt up 180.6% to $1,953k (2021: $696k).

The Group's total assets of $14,064k (2021: $13,291k) consisted primarily of net trade receivables of $7,311k (2021: $8,080k) and accrued income of $4,311k (2021: $3,888k). Net trade receivables decreased 9.5% due to improved trade receivables ageing at financial year end. The Group's total liabilities of $9,052k (2021: $7,961k) primarily comprised trade and other payables of $4,874k (2021: $5,837k).

At 30 June 2022 the Group had net assets of $5,012k (2021: $5,330k), with the movement reflecting the loss from ordinary activities after income tax of $285k, and a foreign currency translation loss of $33k.

Group active contractors in June 2022 were 843 versus 906 in the comparative period.



Operational review

Specialist Recruitment

Revenue from the Australian and New Zealand Specialist Recruitment division increased 2.3% to $107,016k (2021: $104,659k) with the increase primarily due to increased permanent recruitment revenue. Permanent recruitment revenue increased 70.3% against the comparative period and increased to 10.6% (2021: 6.5%) as a proportion of gross profit supported by the Engineering vertical which delivered a particularly strong result. There was increased demand from customers to engage candidates on a permanent rather than contingent labour basis as they looked to address their resourcing requirements in a tight labour market.

Revenue from contingent labour increased 1.7% with the Federal Government business delivering another robust performance. There were 695 active contractors in June 2022, down 5.4% on the 735 active contractors in the comparative period. However, the average margin per hour increased 10.8% year on year reflecting the changing mix of contingent labour roles across functional verticals and commercial, Federal and State Government customers.

Gross profit increased 5.0%, in line with the revenue increase in permanent recruitment, while the gross profit margin was steady on the comparative period.

FINANCIAL AND OPERATIONAL REVIEW (continued)

Operational review (continued)

Specialist Recruitment (continued)

Profit before tax and corporate overheads increased 14.6% to $5,298k, reflecting the gross profit improvement and a 1.5% reduction in operating overheads including salary costs and other operating costs.

The ACT division continued to be the strongest performing business unit with a sustained performance, contributing $6,954k in gross profit, up 2.9% on the comparative period. Meanwhile the NSW division saw an 11.7% improvement in gross profit.

On Demand IT Services

Revenue from the Australian and New Zealand On Demand IT Services division declined 10.7% to $7,184k (2021: $8,046k) due to delays in the commencement of new projects, and work at customer sites being impacted by COVID-19 related lockdowns during the financial year, particularly in NSW and Victoria.

Gross profit, however, only decreased 2.0% due to the combination of improved project pricing and gross profit margins from customers and fewer low margin projects being undertaken during the financial year. Profit before tax and corporate overheads decreased 41.1% during the year to $495k (2021: $841k) due to the lower gross profit, higher salary costs driven by redundancy payments following the divisional restructure, as well as the one-time consulting fees associated with the implementation of a SaaS platform to replace the legacy customer and contractor management system.

Technology & Talent Solutions

In June 2022, Talent Solutions underwent a rebrand to "Technology & Talent Solutions" to better reflect the focus of its services. Under new leadership, the division delivered an increase of 12.7% in revenue to $1,322k (2021: $1,173k) and an increase of 12.8% in gross profit, largely due to a recovery in project volumes with Government and commercial customers, while gross profit margins remained stable. Loss before tax and corporate overheads increased to $321k (2021: $19k loss) with increases in salary costs exceeding growth in gross profit contribution. Salary costs grew 68.4% against the comparative period with the expansion and improvement in the delivery capability of the team.

Shared Services

Net corporate overheads increased $175k (3.1%) against the comparative period. The increase was mainly due to increased marketing and advertising expenditure, increases in annual insurance premiums on renewal, the outsourcing of the internal IT function to a managed services provider and the one-time consulting fees associated with the implementation of a SaaS platform to replace the legacy financial system. There were also additional headcount costs from the establishment of the National Resource Centre partly offset by salary and headcount reductions in internal IT.

Debtor Finance Facility

As at 30 June 2022, the Group relied on a secured debtor finance facility provided by ScotPac Business Finance expiring on 20 February 2025 (the "Facility") to meet its working capital requirements. The maximum Facility amount is the lower of 85% of approved trade receivables or $15,000k and is subject to certain drawdown and reporting conditions. The total available Facility at the reporting date was $5,731k and the amount drawn down at the end of the financial year was $2,320k, an increase of 196.3% on the comparative period. The increased drawdown funded the cash used in operating activities during the financial year and especially in the second and third quarters of the financial year.

Impact of COVID-19

COVID-19 continues to have an impact on both local and global communities and economies. The Group has once again assessed the impact of COVID-19 on its financial reporting and determined that the financial performance for the year ended 30 June 2022 and overall financial position as at 30 June 2022 have been impacted, particularly in the On Demand IT Services division during the financial year.

The Group's going concern assessment at Note 2 of the Consolidated Financial Statements, and the associated 15-month cash flow forecast for the period July 2022 to September 2023, reflect a consideration of the ongoing impact of COVID-19. The health, safety and well-being of staff and contractors working in Australia and New Zealand has been a key focus of the Group since the initial impact of COVID-19 in late March 2020.

FINANCIAL AND OPERATIONAL REVIEW (continued)

Operational review (continued)

Impact of COVID-19 (continued)

More recently, there has been a resurgence in COVID-19 cases across most Australian States and Territories. Public health orders and guidelines continue to be monitored and adhered to, thus ensuring the safety and well-being of all staff and contractors. Despite this, customer demand for contingent and permanent labour remains strong across all sectors. It remains to be seen whether health restrictions will be reintroduced and therefore it is difficult to assess the extent of any impact on the Group's revenues and gross profit in the 2023 financial year.

Business Strategies, Prospects and Risks

The primary areas of focus for the Group are to:

- Increase the number of active contingent labour contractors across the Specialist Recruitment business, in particular within the Federal Government customer group and the technology sector, to drive revenue and gross profit growth;
- Drive permanent recruitment revenue, notably across NSW and Victoria, in the technology, engineering and business support sectors, where customer demand remains buoyant;
- Ensure that new account managers, especially those hired into the technology sector, are trained, developed and supported to ensure they achieve revenue and gross profit productivity at the earliest opportunity to deliver an appropriate return relative to their compensation;
- Ensure the resourcers hired into the newly established National Resource Centre are trained and developed to be able to support the account managers with talent pooling and candidate sourcing to drive contingent labour and permanent placement;
- Drive the managed services businesses, comprising On Demand IT Services and Technology & Talent Solutions, to grow the pipeline of projects, improve the conversion rate and grow the gross profit contribution;
- Leverage the opportunity to collaborate across the various services lines of Specialist Recruitment, On Demand IT Services and Technology & Talent Solutions to deliver our customers a full suite of services, increasing our share of customer spend on labour and talent related services; and
- Continue to drive the overall profitability of the Group while reducing corporate overheads where possible.

The future financial performance of the Group is at risk from the following factors:

- There is a high reliance on revenue and gross profit from the Federal Government customer group. A significant reduction in the volume of contingent labour provided to this customer group could materially impact the Group’s revenue and gross profit;
- There is a high reliance on experienced account managers who are involved in the management of the Group’s customers and contingent labour contractors within the technology and engineering sectors. The loss of these experienced staff in a tight labour market may adversely impact the Group’s revenue and gross profit;
- There is a reliance on several third-party SaaS platforms that support the Group’s daily operations and as such loss of access to, or compromise in relation to those systems, may adversely impact the Group’s operations;
- As reflected in the June 2022 seasonally adjusted unemployment rate of 3.5%, the labour market is experiencing a shortage of available skilled and qualified candidates compounded by reduced Australian immigration due to COVID-19 border closures. This may impact the Group’s ability to source contingent and permanent labour for its customers resulting in a reduced ability to grow revenue and gross profit;
- Rising inflation rates, as reflected in the June 2022 annual consumer price index of 6.1%, are driving monetary policy and increases in official cash. Consequently, recessionary fears may begin to dampen business confidence, tempering customer demand for contingent and permanent labour; and
- The borrowing rate on the Group’s Facility is a margin over a floating reference rate tied to the movement in official cash rates. As such, if official cash rates continue to increase and/ or the Facility drawdown increases, it is likely that the Group will incur higher finance expenses.

DIRECTORS' REPORT

The Directors present their report together with the financial report of Ignite Limited (the "Company") and its controlled entities (the "Group") for the financial year ended 30 June 2022 and the independent auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Garry Sladden
Jennifer Elliott
Fred van der Tang
Cameron Judson (appointed 3 March 2022)

Principal activities

The principal activities of the Group during the financial year were the provision of contingent labour and permanent recruitment services ("Specialist Recruitment"), on demand information technology services ("On Demand IT Services") and outsourced recruitment and human resource consulting services ("Technology & Talent Solutions"). The Group operates nationally through 5 offices in Australia as well as in New Zealand and employs approximately 87 permanent staff. There have been no changes in the principal activities of the Group during the year.

Review of operations

The loss attributable to equity holders of the Company for the financial year was $285k (2021: $2,415k profit).

The Chairperson's Letter, Chief Executive Officer's Report and Financial and Operational Review form part of the Directors' Report for the financial year ended 30 June 2022.

Dividends

No dividends were paid or declared during the financial year. On 25 August 2022 the Directors resolved not to declare a final dividend for the year ended 30 June 2022.

Significant changes in state of affairs

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

Events subsequent to the reporting date

The Group continues to be exposed to the impact of COVID-19 and associated public health restrictions creating uncertainty around the medium-term trading environment and economic impact in Australia and New Zealand.

Official cash rates and inflation are expected to continue to increase during the 2023 financial year. Consequently, recessionary fears may dampen business confidence, tempering demand for contingent labour and permanent recruitment services. Subsequent to the reporting date, and as of the date of this report, there has been no material impact on the Group's financial performance from these events.

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

Future developments

The Group is pursuing a strategy centred on the provision of Specialist Recruitment, On Demand IT Services and Technology & Talent Solutions in Australia and New Zealand.

DIRECTORS' REPORT (continued)

Environmental issues

The Group's operations are regulated by relevant Commonwealth and State legislation in Australia and legislation in New Zealand. The nature of the Group's business does not give rise to any significant environmental issues.

Information on the Directors

GARRY SLADDEN

Independent Non-executive Director

Garry is a business and strategic adviser who has a diversified business background in the areas of real estate, private equity, business operations, banking and finance, and equity raising. He was General Manager Operations at Consolidated Press Holdings for six years.

During the last three years Garry has not been a director of any other listed company. Garry is currently Chairperson of Star Car Wash Cafe Holdings Pty Ltd.

Garry is Chairperson of the Board and a member of the Board Audit, Risk and Compliance Committee and a member of the Board Remuneration and Nomination Committee.

JENNIFER ELLIOTT

Independent Non-executive Director

Jennifer has broad experience across senior executive roles in financial services, with a particular focus on strategic planning, risk and compliance, joint ventures in Asia and global human resources. During a 20-year career with Moody's Corporation, Jennifer held a variety of analytic and management roles, including over five years as head of Moody's Investors Service Asian business, and also several years as Chief Human Resources Officer for Moody's Corporation.

She holds a Master of Asian Business Studies from SOAS, University of London, and arts and law degrees from the University of Sydney.

During the last three years Jennifer has not been a director of any other listed company. Jennifer currently sits on several boards as an independent non-executive director, including not-for-profit entities.

Jennifer is Chairperson of the Board Audit, Risk and Compliance Committee and a member of the Board Remuneration and Nomination Committee.

FRED VAN DER TANG

Independent Non-executive Director

Fred is a highly experienced senior executive at an international level, having built a career of over 20 years at Randstad, currently the world's largest recruitment company. In his time at Randstad, he held senior roles which included responsibility for Randstad's operations in the Netherlands, Italy, the UK and Australia/ New Zealand. He also served as Chief Sales Officer at a global level. Fred brings a deep understanding of growth and transformation in the recruitment industry.

Following Randstad, Fred was General Manager Australia/ New Zealand for Ascender HCM, a private equity owned payroll and human capital management provider. Fred is currently Chief Executive Officer and a shareholder of Make it Cheaper, a privately owned Australian company providing business energy price comparison and switching.

A Dutch national, now residing in Sydney, Fred attained a Master's degree in Business and Economics from the University of Amsterdam as well as qualifications from several leading business schools.

During the last three years Fred has not been a director of any other listed company.

Fred is Chairperson of the Board Remuneration and Nomination Committee and a member of the Board Audit, Risk and Compliance Committee.

DIRECTORS' REPORT (continued)

Information on the Directors (continued)

CAMERON JUDSON

Independent Non-executive Director

Cameron is a board member and executive with over 30 years leadership experience across a range of industries, including transport and logistics, security, recruitment, human capital, professional services, intellectual property, real estate, HR technology, human services and education.

Cameron was most recently Chief Executive Officer and Managing Director of Angus Knight Group. He was previously Chief Executive Officer of McGrath Limited (ASX: MEA), and prior to that Chief Executive Officer and Managing Director of Chandler Macleod Group Limited (ASX: CMG) from 2012 to 2015, which at that time was Australia's second largest staffing company. In his earlier career, Cameron held senior executive roles at UTC Fire & Security and TNT Express.

During the last three years Cameron has been a director of listed companies QANTM IP Limited (ASX: QIP) and Limeade (ASX: LME).

Cameron holds a Bachelor of Arts from the University of NSW and a Master of Business Administration from the Australian Graduate School of Management.

Cameron is a member of the Board Audit, Risk and Compliance Committee and a member of the Board Remuneration and Nomination Committee.

Directors' interests in shares and options

At the date of this report, the particulars of shares and options in which each Director has a relevant interest either directly or indirectly are disclosed in the Remuneration Report on page 16.

Company Secretary

IAN GILMOUR FGIA, FCG (CS), FAICD

Ian is a seasoned and experienced company secretary and is currently director and company secretary of Gilmour & Co Pty Ltd, a provider of company secretarial services. He is company secretary of Optalert Holdings Pty Limited, Sydney Institute of Marine Science and Barker College Council. Ian was formerly director and company secretary of AQRB Pty Ltd (formerly Audit Quality Review Board Ltd) and company secretary of PEXA Group Limited (ASX: PXA), RedHill Education Limited (ASX: RDH) and Goodman Fielder Limited (ASX: GFF). He has also provided company secretarial services to several other ASX listed companies.

Audited remuneration report

The remuneration report is set out under the following headings:

- Director remuneration
- Principles used to determine the nature and amount of executive remuneration
- Details of Directors' and key management personnel remuneration
- Short-term incentive
- Long-term incentive
- Employment contracts
- Option holdings
- Shareholdings

The information provided under these headings includes remuneration disclosures that are required under the Corporations Act 2001. These disclosures have been transferred from the financial report and have been audited.

DIRECTORS' REPORT (continued)

Director remuneration

The policy of the Board of Directors of the Company (the "Board") is to remunerate Directors at market rates for comparable companies. Such remuneration is provided in recognition of the time, commitment and responsibilities assumed by Directors. The Board Remuneration and Nomination Committee determines payments to Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to non-executive Directors is $500,000 per annum as approved by shareholders at the 2005 Annual General Meeting. Fees for Directors are not linked to the performance of the Group. Directors do not receive options or any form of equity as remuneration. Directors are entitled to statutory superannuation and do not receive any other retirement benefits.

Principles used to determine the nature and amount of executive remuneration

Executive remuneration principles

The Board Remuneration and Nomination Committee's Charter includes setting the terms and conditions by which executive remuneration is determined. The Board Remuneration and Nomination Committee received professional advice from independent external consultants in the financial year on executive remuneration. All executives receive a base salary (which is based on factors such as experience) and statutory superannuation and are eligible for fringe benefits as well as performance-based and service-based incentives.

The Board Remuneration and Nomination Committee reviews senior executive remuneration annually, as requested by the Chief Executive Officer, by reference to the Group's performance, executive performance, comparable information from industry sectors and other listed companies in similar industries.

The Group's executive remuneration practices have been designed to align executive and shareholder interests and objectives. The Board believes these practices to be appropriate and effective in attracting and retaining skilled executives to manage and operate the business.

The performance of executives is measured against criteria agreed annually with each executive. The criteria are based predominantly on the forecast financial performance of the Group. Bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can review the Board Remuneration and Nomination Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract and retain skilled executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives may also be invited to participate in the Company's Equity Incentive Plan. Executives are entitled to statutory superannuation and do not receive any other retirement benefits. All remuneration paid to executives is valued at cost to the Group and expensed.

Performance based remuneration

As part of the Chief Executive Officer and executives' remuneration packages there is a performance-based component, related to Key Performance Indicators ("KPIs"). The intention of this program is to facilitate congruence of goals between executives and those of the business and shareholders. The KPIs are set annually, in consultation with executives to ensure their commitment to achieving those goals.

The KPIs target the areas the Board believes hold the greatest potential for the Group's expansion and profitability, covering financial and non-financial as well as short-term and long-term goals. The measures are specifically tailored to the areas of each executive's involvement within the business and over which they have control. The level set for each KPI is based on budgeted amounts for the Group and industry standards.

DIRECTORS' REPORT (continued)

Principles used to determine the nature and amount of executive remuneration (continued)

Performance based remuneration (continued)

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. In determining whether or not a financial KPI has been achieved, the Company bases the assessment on audited financial information. The Chief Executive Officer's achievement of KPIs is determined by the Board while each executive's achievement of KPIs is determined by the Chief Executive Officer and/ or the Board.

Following the annual assessment, the KPIs are reviewed by the Chief Executive Officer, with assistance as may be required from the Board Remuneration and Nomination Committee in light of the desired and actual outcomes for that year. The KPIs are then set for the year in order to align with the Group's objectives.

Consequences of performance on shareholder wealth

In considering the Group's performance and impact on shareholder wealth, the Board Remuneration and Nomination Committee has regard to the following information in respect of the current financial year and prior four financial years for ordinary activities:

	2022	2021	2020	2019	2018
	$000	$000	$000	$000	$000
(Loss)/ profit attributable to the Owners of the Company	(285)	2,415	(6,272)	(5,812)	(2,566)
	$	$	$	$	$
Share price at the beginning of the year	0.06	0.02	0.04	0.05	0.08
Share price at the end of the year	0.09	0.06	0.02	0.04	0.05
Return on capital employed	-	-	-	-	-
	Cents	Cents	Cents	Cents	Cents
Basic (loss)/ earnings per share	(0.32)	2.70	(7.00)	(6.49)	(2.86)
Diluted (loss)/ earnings per share	(0.32)	2.70	(7.00)	(6.49)	(2.86)

DIRECTORS' REPORT (continued)

Details of Directors' and key management personnel remuneration

The fees and other remuneration paid to Directors constitute 100% fixed remuneration. Directors are not entitled to any performance-based or service-based remuneration. The remuneration of Directors of the Group is as follows:

	Short-term Employment Benefits			Post-employment Benefits		Long-term Employment Benefits	
	Fees	Other	Non-Monetary Benefits	Superannuation	Termination Benefits	Share Based Payments	Total Remuneration
	$	$	$	$	$	$	$
Directors							
Garry Sladden[1]							
2022	96,983	-	-	9,706	-	-	106,689
2021	99,000	398,810	-	21,694	-	-	519,504
Jennifer Elliott							
2022	53,182	-	-	5,318	-	-	58,500
2021	53,425	-	-	5,075	-	-	58,500
Fred van der Tang							
2022	57,614	-	-	5,761	-	-	63,375
2021	48,973	-	-	4,652	-	-	53,625
Cameron Judson[2]							
2022	19,500	-	-	-	-	-	19,500
2021	-	-	-	-	-	-	-
Craig Saphin[3]							
2022	-	-	-	-	-	-	-
2021	22,260	-	-	2,115	-	-	24,375
Total							
2022	227,279	-	-	20,785	-	-	248,064
2021	223,658	398,810	-	33,536	-	-	656,004

1. Garry Sladden acted as Executive Chairperson from 23 January 2019 until the appointment of Timothy Moran as Chief Executive Officer on 8 March 2021. In addition to the regular fees received for his role as Chairperson, Garry was also compensated for his role as Executive Chairperson.
2. Cameron Judson was appointed as a Director on 3 March 2022.
3. Craig Saphin retired as a Director on 24 November 2020.

The remuneration of key management personnel of the Group is as follows:

	Short-term Employment Benefits			Post-employment Benefits		Long-term Employment Benefits	
	Salary	Bonus	Non-Monetary Benefits	Superannuation	Termination Benefits	Share Based Payments	Total Remuneration
	$	$	$	$	$	$	$
Key management personnel							
Timothy Moran[1]							
2022	352,382	-	-	23,568	-	-	375,950
2021	112,169	-	-	7,725	-	-	119,894
Mahendra Tharmarajah							
2022	311,273	45,000	-	27,468	-	-	383,741
2021	312,114	95,000	-	24,999	-	-	432,113
Total							
2022	663,655	45,000	-	51,036	-	-	759,691
2021	424,283	95,000	-	32,724	-	-	552,007

1. Timothy Moran was appointed Chief Executive Officer on 8 March 2021.

DIRECTORS' REPORT (continued)

Details of Directors' and key management personnel remuneration (continued)

The relative proportion of key management personnel remuneration that is fixed, performance-based and service-based is as follows:

		Performance-based Remuneration			Service-based Remuneration		
	Fixed Remuneration %[1]	Performance-based Remuneration %[1]	% Vested in Year[2]	% Forfeited in Year	Service-based Remuneration %	% Vested in Year[2]	% Forfeited in Year
Key management personnel							
Timothy Moran							
2022	100	-	-	-	-	-	-
2021	100	-	-	-	-	-	-
Mahendra Tharmarajah							
2022	87	13	45	55	-	-	-
2021	77	23	95	5	-	-	-

1. The proportions are based on the entitlements of each key management person during the financial year.
2. Vesting percentages are based on actual remuneration payable in the financial year.

The remuneration packages of key management personnel contain a performance-based remuneration component related to achievement of agreed KPIs. The remuneration of key management personnel and the returns to the Company's shareholders are aligned through the remuneration policies implemented by the Board.

Performance linked compensation includes both short-term and long-term incentives and is designed to reward key management personnel for meeting or exceeding financial and non-financial objectives. The short-term incentive is a bonus provided in the form of cash, while the long-term incentive is provided as options pursuant to the rules of the Company's Equity Incentive Plan.

Short-term incentive

The objective of the short-term incentive ("STI") is to reward key management personnel for their contribution to the achievement of the Group's annual financial and non-financial objectives. The STI provides for an annual cash payment based on achieving pre-determined KPIs.

Each year the Board Remuneration and Nomination Committee sets KPIs for the key management personnel. The KPIs generally include financial measures relating to the Group such as gross profit, gross profit %, net profit before tax ("NPBT") and NPBT margin %. The non-financial objectives vary with role and responsibility and include measures such as achieving strategic outcomes, adhering to legal and operational compliance, customer satisfaction and staff development.

The KPIs assigned to key management personnel directly impact the amount of any STI payment. Each financial and non-financial objective accounts for between 20 to 40 percent of the maximum STI. The level of performance-based remuneration of key management personnel is directly linked to the performance of the Group in each financial year.

At the end of the financial year, the Board Remuneration and Nomination Committee reviews the actual financial and non-financial performance of the Group and the individual's achievement of the KPIs set at the beginning of the financial year. In determining whether or not a financial KPI has been achieved, the Company bases the assessment on audited financial information.

Long-term incentive

The objective of the long-term incentive is to reward the Chief Executive Officer and key management personnel for their contribution to the creation of shareholder value over the long-term. Options are granted under the Company's Equity Incentive Plan which provides for key management personnel to receive options as part of their remuneration. The options are granted based on performance criteria and to encourage staff retention.

The goal is to increase congruence of goals between executives and those of the business and shareholders. Options only vest where the performance and tenure hurdles are satisfied.

Employment contracts

It is the Group's policy that service contracts for key management personnel are on-going until terminated by either party. Remuneration and other terms of employment for the key management personnel are formalised in contracts of employment. Each of these contracts of employment specify the remuneration terms including the fixed and performance-based remuneration components providing for cash bonuses, options and other benefits. There are no specified lengths of service included within the contracts of employment. The contracts of employment of the key management personnel may be terminated by either party with three months' notice.

Option holdings

There are currently no options over ordinary shares on issue pursuant to the Company's Equity Incentive Plan.

Shareholdings

	Balance 30 June 2021	Movement	Balance 30 June 2022
Directors			
Garry Sladden	347,642	39,529	387,171
Jennifer Elliott	250,000	-	250,000
Fred van der Tang	250,000	-	250,000
Cameron Judson	-	-	-
Key management personnel			
Timothy Moran	-	8,320,000	8,320,000
Mahendra Tharmarajah	200,000	-	200,000

No shares were issued during the year to key management personnel pursuant to the exercise of options over ordinary shares.

Shareholdings are unchanged as at the date of this report.

End of Audited Remuneration Report

DIRECTORS' REPORT (continued)

Meetings of Directors and Board committees

During the financial year, the following meetings of Directors, the Board Audit, Risk and Compliance Committee and the Board Remuneration and Nomination Committee were held with attendances as indicated.

	Meetings of the Directors		Meetings of the Board Audit, Risk and Compliance Committee		Meetings of the Board Remuneration and Nomination Committee	
	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended
Directors						
Garry Sladden	19	19	5	5	3	3
Jennifer Elliott	19	19	5	5	3	3
Fred van der Tang	19	18	5	5	3	3
Cameron Judson	5	5	1	1	2	2

Indemnifying officers

The Company has entered into deeds of indemnity, insurance and access with each of the Directors and the Company Secretary. The form of these deeds was approved by shareholders at the 2001 Annual General Meeting. The indemnity will only indemnify a Director and the Company Secretary to the extent permitted by the law and the Company's Constitution.

During the year the Company paid a premium to insure the Directors and the Company Secretary listed in this report against liabilities for the costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of non-executive officers of the Company. The terms of the policy prohibit disclosure of the premium paid.

Directors' benefits

No Director has received or become entitled to receive, during or since the end of the financial year, a benefit because of a contract made by the Company, a controlled entity or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest other than as disclosed in the Remuneration Report.

This statement excludes a benefit included in the aggregate of emoluments received or due and receivable by Directors and shown in the Company's consolidated financial statements, or the fixed salary of a full-time employee of the Company, a controlled entity or a related body corporate.

Proceedings on behalf of the Company

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

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

DIRECTORS' REPORT (continued)

Non-audit services

The Board, in accordance with advice from the Board Audit, Risk and Compliance Committee, are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Board are satisfied that the services disclosed in Note 22 of the Consolidated Financial Statements did not compromise the external auditor's independence for the following reasons:

- The nature and scope of all non-audit services are reviewed and approved by the Board Audit, Risk and Compliance Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in the APES 110 Code of Ethics for Professional Accountants.

Refer to Note 22 for amounts paid or payable during the financial year to the external auditors in respect of non-audit services.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2022 is set out on page 19 of the Directors' Report.

Rounding of amounts

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

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

Garry Sladden
Chairperson

Dated at Sydney this 25th day of August 2022.

PKF

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Ignite Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

PKF

PKF

P. Pearman

PAUL PEARMAN
PARTNER

25 AUGUST 2022
SYDNEY, NSW

Corporate Governance Statement

This statement sets out the material governance principles and processes of the Company and the Group. The Board has followed recommendations established in the Australian Securities Exchange ("ASX") Corporate Governance Principles and Recommendations, Fourth Edition (the "ASX Recommendations").

The Directors have resolved to consider and apply these ASX Recommendations unless it is determined that, in the circumstances of the Group, there is a sound reason in the interests of shareholders not to do so.

Features of the Group's corporate governance regime are summarized below. Details of the Group's corporate governance codes, charters and policies are available on the Group's website under Investor Information - Corporate Governance (www.igniteco.com/investor-information/corporate-governance) (the "Website").

Principle 1 – Lay solid foundations for management and oversight

The role of the Board is to approve the strategic direction of the Group, guide and monitor management and the business in achieving its strategic plans and oversee good governance practice. The Board aims to protect and enhance the interests of its shareholders, while considering the interests of other stakeholders, including customers, contractors, candidates, vendors, employees and the wider community.

The responsibilities and accountabilities of the Board have been framed in a Board Charter, which reflects its governance principles. The Board Charter is available on the Group's Website.

During the financial year, the Board met 19 times. Meetings are held at regular intervals throughout the financial year supplemented by additional meetings as required in the conduct of the Board's responsibilities.

The Board operates on the principle that all significant matters are dealt with by the full Board and has specifically reserved the following matters for its decisions:

- Strategy and planning
- Staffing
- Remuneration
- Capital management and financial reporting
- Performance monitoring
- Risk management
- Audit, risk and compliance
- Board processes and policies

To assist in its deliberations, the Board has established two main committees, which, apart from routine matters, act primarily in a review or advisory capacity on the matters set out in their respective charters. These are the Board Audit, Risk and Compliance Committee ("Audit Committee") and the Board Remuneration and Nomination Committee ("Remuneration Committee"). The charters of each Committee are summarised in this report. Other committees may be established to address specific issues as may be required from time to time.

Chairperson's Responsibilities

The Chairperson's responsibilities are expressly identified in the Board Charter. The Chairperson is responsible for ensuring that the Board receives timely, clear and relevant information to facilitate the efficient organisation and conduct of the Board's duties with respect to strategic direction, governance and monitoring the performance of management. The Chairperson is also responsible for ensuring that procedures to assess the performance of the Board and the Directors are operating, facilitating Board discussion and effective contribution of all Directors and overseeing representations to and communications with the shareholders.

Corporate Governance Statement (continued)

Principle 1 – Lay solid foundations for management and oversight (continued)

Director Selection

It is the role of the Remuneration Committee to identify suitable candidates to complement the existing Board and to make recommendations to the Board on their appointment. The Board considers the appointment or retirement of Directors annually under succession plan principles having regard to the size of the Group and to the appropriate skills and experience of Directors. Skills and experience regarded as important include experience as a chief executive officer, recruitment and broader service industry experience, experience in financial markets, including acquisitions, financial experience, and broad experience in governance and risk management in particular with ASX listed companies.

Before appointing a Director, the Company undertakes comprehensive due diligence including employment, character reference, criminal history, bankruptcy and disqualified company director investigations.

Directors' Performance Review

During the year, the Board surveyed the Directors regarding the performance of the Chairperson, the Directors, the Board and its committees and discussed the results.

Company Secretary

The Company Secretary is appointed by the Board and is accountable to the Board, through the Chairperson, on all governance matters. Biographical details showing the relevant skills, experience and expertise held by the Company Secretary are included in the Directors' Report.

Role of the Chief Executive Officer

The responsibility for implementing the approved business plans and for the day-to-day operations of the Group is delegated to the Chief Executive Officer who, with the management team, is accountable to the Board. The Board approves the Delegation of Authority that sets out the authority limits for the Chief Executive Officer and the management team.

Performance Based Remuneration

Across the Group, there is a strong performance management discipline teamed with competitive reward and incentive programs. As part of the management team's remuneration packages there is a performance-based component, related to Key Performance Indicators ("KPIs"). The intention of this program is to facilitate congruence of goals between management and those of the business and shareholders. The KPIs are set annually, in consultation with management to ensure their commitment to achieving those goals. The measures are specifically tailored to the areas of each manager's involvement within the business and over which they have control. Performance reviews have been carried out in accordance with policy during the financial year.

Diversity Policy

The Group understands that a diverse workforce is one that recognises and embraces the varied skills and perspectives that people bring to the organisation through their differences.

The Group values the differences between people and the contribution these differences make to its business. The Group recognises its talented and diverse workforce is a key competitive advantage and that its business success reflects the quality and skills of its people. As such the Group is committed to seeking out and retaining the best people to ensure business growth and performance.

Above all, the Group is committed to ensuring that all stakeholders, including customers, contractors, candidates, vendors, employees and the wider community are treated with respect and dignity. It strives to create and foster a supportive and understanding environment in which all individuals realise their maximum potential within the Group, regardless of their differences.

Corporate Governance Statement (continued)

Principle 1 – Lay solid foundations for management and oversight (continued)

Diversity Policy (continued)

The Board understands the importance of maintaining a diversity policy. The values are set out in the Group's diversity policy, which is available on the Group's Website.

As part of monitoring its diversity policy, the Board measures its gender diversity noting the respective proportions of men and women on the Board, in key management roles and within broader management. However, the Board has determined not to set measurable objectives for achieving gender diversity for the foreseeable future.

	30 June 2022		30 June 2021	
Gender Diversity	Female (%)	Male (%)	Female (%)	Male (%)
Board of Directors	25%	75%	33%	67%
Key management personnel	-	100%	-	100%
Management	67%	33%	25%	75%
Group	55%	45%	58%	42%

Principle 2 – Structure the Board to be effective and add value

The Board comprises four Directors. The Board considers this number appropriate in the present circumstances of the Company. The Board Charter requires that there be a majority of Directors who are independent and non-executive. The majority of Directors in office are independent and non-executive. One-third of the Board is required to retire at each Annual General Meeting and may stand for re-election. The Director(s) to retire shall be those who have been longest in office since their last election. A Director appointed to fill a casual vacancy or as an additional Director only holds office until the next Annual General Meeting, when they must retire, and seek re-election by shareholders at the meeting.

Biographical details showing the relevant skills, experience and expertise of each Director are included in the Information on Directors section of the Directors' Report. The Board comprises the following Directors at the date of this report:

Name	Position	Appointed
Garry Sladden[1]	Chairperson of the Board and Independent Non-executive Director	September 2013
Jennifer Elliott	Independent Non-executive Director	May 2014
Fred van der Tang	Independent Non-executive Director	January 2019
Cameron Judson	Independent Non-executive Director	March 2022

1. Garry Sladden acted as Executive Chairperson from 23 January 2019 until the appointment of Timothy Moran as Chief Executive Officer on 8 March 2021. During the period that Garry acted as Executive Chairperson, Jennifer Elliott, Chairperson of the Board Audit, Risk and Compliance Committee, chaired the meetings of Directors.

Directors' Independence

The Board has established a policy on Directors' independence. An "independent non-executive Director" is independent of management, free of any significant business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment, and otherwise meets the criteria for independence set out in the ASX Recommendations.

Corporate Governance Statement (continued)

Principle 2 – Structure the Board to be effective and add value (continued)

Directors' Independence (continued)

Directors are considered to be independent if they meet the following criteria:

- they are not a substantial (5% or greater) shareholder of the Company or an officer of a substantial shareholder of the Company;
- they have not been employed in an executive capacity in the last three years by the Company or a subsidiary of the Company;
- they have not been employed as a principal of a material professional advisor to the Company or a subsidiary of the Company during the past three years;
- they are not a material supplier or customer of the Company or a subsidiary of the Company;
- they have no material contractual relationship with the Company or a subsidiary of the Company (other than as a Director of the Company); and
- they are free from any interest, business or personal, which could, or could reasonably be perceived to materially interfere with their ability to act in the best interests of the Group.

In determining whether or not a material relationship exists with a third party such as a supplier, professional advisor or customer, the Board considers that relationship to be material if it meets the following criteria:

- the customer accounts for more than 5% of the Group's consolidated gross revenue per annum;
- the Group accounts for more than 5% of the supplier's consolidated revenue;
- the total value of any contract or relationship between the Group and the Director (other than as a Director of the Company) exceeds $200,000.

Independent Professional Advice

Each Director has the right to seek independent professional advice at the Company's expense. The consent of the Board is required prior to obtaining such advice and the concerned Director does not participate in the Board's consideration of its consent.

Induction of New Directors and Ongoing Development

New Directors are provided with a formal letter of appointment which sets out the key terms and conditions of appointment, including their duties and responsibilities, required time commitment, requirement to disclose notifiable interests or other interests and matters affecting independence.

New Directors participate in an induction program designed to introduce the Director to all aspects of the Group's business and corporate strategies, as well as incorporating information in relation to areas in which the Director will particularly be involved. The new Director will meet with the Chairperson and each Director, the Chief Executive Officer and management in order to gain an insight into the values and culture of the Group.

On an ongoing basis, Directors are provided with presentations and briefings on matters impacting the strategy and operations of the Group.

Principle 2 – Structure the Board to be effective and add value (continued)

Board Skills Matrix

The Board skills matrix is set out below:

Strategic Areas	Skills
Strong capital management and appropriate oversight of financial controls and risk	• Risk management • Financial accounts literacy • Shareholder and investor relations • Investment banking and capital management
Understanding of employment/ labour hire business	• Employment/ labour hire business acumen • Information technology • Marketing • Digital strategy
International business experience	• Senior management experience leading international divisions • Strategy
Other areas	• Executive/ senior management experience • Corporate governance experience • Diversity and inclusion

Board Remuneration and Nomination Committee

The Remuneration Committee operates under a Charter approved by the Board. The Charter is available on the Group's Website. The Remuneration Committee's objective is to assist the Board in the consideration of personnel and remuneration issues within the Group. The Remuneration Committee ordinarily comprises a minimum of three Directors, a majority of whom are independent Non-executive Directors. The members of the Remuneration Committee during the year were:

Name	Position
Fred van der Tang	Chairperson of the Remuneration Committee and Independent Non-executive Director
Jennifer Elliott	Independent Non-executive Director
Garry Sladden[1]	Independent Non-executive Director
Cameron Judson	Independent Non-executive Director (appointed March 2022)

1. Garry Sladden acted as Executive Chairperson from 23 January 2019 until the appointment of Timothy Moran as Chief Executive Officer on 8 March 2021. During the period that Garry acted as Executive Chairperson, Jennifer Elliott, Chairperson of the Board Audit, Risk and Compliance Committee, chaired the meetings of Directors.

The qualifications of Remuneration Committee members as at the date of this report are set out in the Information on Directors section of the Directors' Report.

The Remuneration Committee, which is accountable to the Board, is required by its Charter to meet at least twice per year. Details of the number of meetings of the Remuneration Committee held during the year, and the attendees at those meetings, are set out in the Meetings of Directors and Board Committees section of the Directors' Report.

Corporate Governance Statement (continued)

Principle 2 – Structure the Board to be effective and add value (continued)

Board Remuneration and Nomination Committee (continued)

The responsibilities of the Remuneration Committee are delegated by the Board and include:

- recommending the structure and constituency of the Board such that it has the effective composition, size and commitment to properly discharge its responsibilities and duties;
- ensuring appropriate Board succession planning, including identification, induction and training of new Directors as required;
- performance assessment in relation to the Board and individual Directors;
- assisting the Chairperson in relation to the efficacy of Board processes;
- recommending Chairperson and Non-executive Director remuneration;
- recommending remuneration framework and levels for the Chief Executive Officer and management;
- assisting the Chairperson in relation to performance goals for, and assessment of, the Chief Executive Officer and management;
- policies and procedures regarding the management team for recruitment, retention, remuneration, training and succession planning; and
- policies on superannuation arrangements for the Group.

For details on the amount of remuneration, and all monetary and non-monetary components for the Directors and key management personnel who were not Directors during the year refer to the Audited Remuneration Report section of the Directors' Report. In relation to the payment of bonuses, granting of options, and other incentive payments, discretion is exercised by the Board having regard to the overall performance of the Group and the performance of the individual during the period.

There is no scheme to provide retirement benefits to Non-executive Directors, other than statutory superannuation.

Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

Code of Conduct/ Ethical Business Behaviour

The Board recognises the need to observe the highest standards of corporate practice and business conduct. The Board has adopted a Code of Conduct (the "Code") applicable to all Directors, management and employees. The Code directs standards of behaviour and interpersonal dealings. Within the letter and spirit of the Code, the Directors, management and all employees are expected to act lawfully, in a professional manner, and with the utmost integrity and objectivity in their dealings with all stakeholders, including customers, contractors, candidates, vendors, competitors, the wider community and each other, striving at all times to enhance the reputation and performance of the Group.

The Code is available on the Group's Website.

In addition, the Group has implemented a whistle-blower policy, empowering employees to report instances of workplace misconduct. The procedures are protective of the interests and concerns of employees who are genuinely exposed to such instances.

Share Ownership and Dealings

Details of shareholdings in the Company of Directors and key management personnel are set out in the Directors' Report.

Corporate Governance Statement (continued)

Principle 3 – Instil a culture of acting lawfully, ethically and responsibly (continued)

Securities Trading Policy

Directors, management and employees are subject to the Corporations Act 2001, which restricts trading in securities in the Company if they are in possession of inside information. The Board has adopted a formal policy for securities trading which is available on the Group's Website. Directors, key management personnel and specified employees of the Group are not permitted to undertake any trading in securities in the Company outside designated trading windows without written permission. Directors, key management personnel and specified employees of the Group are further prohibited from trading in securities in the Company at any time whilst in possession of inside information including information relating to the Group which is not generally available but would, if the information were generally available, be likely to have a material effect on the price or value of securities in the Company.

Principle 4 – Safeguard the integrity of corporate reports

Board Audit, Risk and Compliance Committee

The Audit Committee operates under a Charter approved by the Board. The Charter is available on the Group's Website. The Audit Committee's objectives are to assist the Board in safeguarding integrity in financial reporting; making timely and balanced disclosure to shareholders, and potential shareholders in accordance with the principles of continuous disclosure; recognising and managing risk; and overseeing the Company's process for monitoring compliance with laws and regulations and the code of conduct. The Audit Committee ordinarily comprises a minimum of three Directors, a majority of whom are independent Non-executive Directors. The members of the Audit Committee during the year were:

Name	Position
Jennifer Elliott	Chairperson of the Audit Committee and Independent Non-executive Director
Fred van der Tang	Independent Non-executive Director
Garry Sladden[1]	Independent Non-executive Director
Cameron Judson	Independent Non-executive Director (appointed March 2022)

1. Garry Sladden acted as Executive Chairperson from 23 January 2019 until the appointment of Timothy Moran as Chief Executive Officer on 8 March 2021. During the period that Garry acted as Executive Chairperson, Jennifer Elliott, Chairperson of the Board Audit, Risk and Compliance Committee, chaired the meetings of Directors.

The qualifications of Audit Committee members as at the date of this report are set out in the Information on Directors section of the Directors' Report.

The Audit Committee, which is accountable to the Board, is required by its Charter to meet at least twice per year. Details of the number of meetings of the Audit Committee held during the year, and the attendees at those meetings, are set out in the Meetings of Directors and Board Committees section of the Directors' Report.

The responsibilities of the Audit Committee are delegated by the Board and include:

- monitoring the integrity of statutory reporting and reviewing, with recommendations, the policies and disclosures inherent in the half-year and full-year financial statements;
- reviewing and approving financial policies and procedures so as to ensure the effectiveness of financial management and reporting, the completeness of compliance obligations, and adherence with continuous disclosure requirements;
- monitoring and appropriately advising the Board in relation to related party transactions;
- monitoring and assessing the Group's internal control frameworks and risk management strategies and processes, including recommending the insurance strategy;
- overseeing the scope, cost and performance of external audit, and directing the strategies and scope of internal audit; and
- recommending the appointment, and monitoring the independence, of external auditors.

Corporate Governance Statement (continued)

Principle 4 – Safeguard the integrity of corporate reports (continued)

External Auditors

The Group's policy is to appoint external auditors who are independent and who demonstrate that independence.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in Note 22 to the Consolidated Financial Statements. The external auditors provide an annual declaration of their independence to the Board and explain the basis upon which non-audit services do not impair their independence.

The external auditor will attend the Annual General Meeting and will be available to answer shareholder questions about the conduct of the audit and preparation and content of the Independent Auditor's Report.

Financial Reporting

The Chief Executive Officer and Chief Financial Officer have stated, in writing, to the Board that the Group's Consolidated Financial Statements for the year ended 30 June 2022 present a true and fair view in all material respects of the Group's financial position and its operations for the year, and that they are in accordance, in all material respects, with all relevant accounting standards. The Chief Executive Officer and Chief Financial Officer have further stated to the Board, in writing, that the Group's records have been properly maintained under law, that the Consolidated Financial Statements are underpinned by sound systems of risk management and internal compliance and control which are operating effectively in all material respects, and that there are no post 30 June 2022 events which would materially impact the effectiveness of those systems.

In order to verify the integrity of periodic financial reports released to the market that are not audited or reviewed by the external auditor, the Chief Financial Officer states, in writing, to the Board that the Group's financial records have been properly maintained under law and that the quarterly financial statements are underpinned by sound systems of risk management and internal compliance and control which are operating effectively in all material respects.

Principle 5 – Make timely and balanced disclosure

The Group's practice, as reflected in the Communication and the Continuous Disclosure Policies that are available on the Group's Website, is to release all price-sensitive information in a timely manner and in accordance with practices directed by the ASX Listing Rules. For disclosure purposes, price-sensitive information is taken to be information that a reasonable person would expect to have a material effect on the price of the Company's securities.

All material information issued to ASX, published half-year and annual reports, half-year and full-year results and presentation material provided to investors or analysts, are provided to, and approved by, the Board prior to release, presentation or disclosure, and are first made available via the ASX Market Announcements Platform.

The Company Secretary is the primary person responsible for communication with ASX.

The Chairperson is the authorised spokesperson who can communicate on behalf of the Group with shareholders, the media and the investment community.

Corporate Governance Statement (continued)

Principle 6 – Respect the rights of shareholders

The rights of shareholders are detailed in the Company's Constitution. Those rights include electing members of the Board. In addition, shareholders have the right to vote on important matters that have an impact on the Company. All substantive resolutions at a meeting of shareholders are decided by a poll rather than by a show of hands. To allow shareholders to effectively exercise these rights, the Board is committed to improving the communication to shareholders of high quality, relevant and useful information in a timely manner, through:

- ASX announcements;
- Company publications including half-year and annual reports;
- The Annual General Meeting; and
- The Group's Website.

Shareholders are encouraged to make their views known to the Company and to directly raise matters of concern. Shareholders are encouraged to attend the Annual General Meeting and use this opportunity to ask questions. The Annual General Meeting will remain the main opportunity each year for shareholders to question the Board and management and make their views known.

The Company encourages two-way communication with shareholders and to this end has set up electronic communications facility via its Website (www.igniteco.com/investor-information/media-contact/).

Shareholders have the option to receive communications from, and send communications to, the Company and its security registry Computershare Investor Services Pty Limited electronically (www.igniteco.com/investor-information/shareholder-services/).

Principle 7 – Recognise and manage risk

The Board has a Risk Management Framework that formalises the approach to management of material business risks. The policy is in the process of being fully implemented through a top down and bottom-up approach to identifying, assessing, monitoring and managing key risks across the Group.

The Board is responsible for approving strategies and policies in relation to the identification of and management of risk and compliance. The Board oversees the effective management of risk and compliance, including delegation to the Audit Committee and to management. The Audit Committee reports to the Board on the effectiveness of the Risk Management Framework that is in place and all material business risks.

The external audit function also reviews the Group's risk assessment and risk management.

The Group monitors its exposure to all material business risks including economic, social, governance and environmental risks. The Group has no material exposure to environment and social risks, other than in the normal course of business.

Internal Audit

The Board and the Audit Committee are yet to implement an internal audit function.

In the absence of an internal audit function, management regularly review the Group's risk management and internal control processes to ensure that they meet the evolving needs of the business.

Workplace Health and Safety

The Group recognises the importance of workplace health and safety issues and is committed to achieving the highest standards. The Audit Committee facilitates the systematic identification of issues relevant to all workers under the Group's responsibility and ensures effective management of them through the Work, Health and Safety Policy.

Corporate Governance Statement (continued)

Principle 8 – Remunerate fairly and responsibly

The Remuneration Committee's Charter includes setting out the terms and conditions by which the Chief Executive Officer and management remuneration is determined. The Remuneration Committee seeks professional advice from independent external consultants where required. All management receive a base salary and statutory superannuation and are eligible for fringe benefits as well as performance-based and service-based incentives. The Remuneration Committee reviews management remuneration annually, as requested by the Chief Executive Officer, by reference to the Group's performance, individual performance and comparable information from industry sectors and other listed companies in similar industries.

The Group recognises the importance of ensuring that any recommendations given in relation to the remuneration of key management personnel provided by remuneration consultants are provided independently of those to whom the recommendations relate.

Management may be invited to participate in the Company's Equity Incentive Plan, subject to the rules of the Plan. Pursuant to Section 5.3 of the Plan participants must not hedge the value of, or enter into a derivative arrangement in respect of, unvested or vested options.

Consolidated Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2022

	Note	2022 $000	2021 $000
Revenue	5	115,522	113,878
Contingent labour costs		(101,433)	(100,390)
Gross profit		14,089	13,488
Other income	6	5	2,632
Employee benefits expense		(9,899)	(9,719)
Depreciation and amortisation expense	8	(398)	(445)
Occupancy expense		(602)	(631)
Other expenses	8	(3,294)	(2,694)
(Loss)/ profit from ordinary activities before net finance expense		(99)	2,631
Finance income		-	1
Finance expense		(186)	(217)
(Loss)/ profit from ordinary activities before income tax		(285)	2,415
Income tax expense	9	-	-
(Loss)/ profit from ordinary activities attributable to the Owners of the Company		(285)	2,415
Other comprehensive loss			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation differences for foreign operations		(33)	(1)
Income tax on other comprehensive income		-	-
Other comprehensive loss for the year, net of income tax		(33)	(1)
Total comprehensive (loss)/ income for the year attributable to the Owners of the Company		(318)	2,414

		2022 Cents	2021 Cents
Ordinary activities			
Basic (loss)/ earnings per share	20 (c)	(0.32)	2.70
Diluted (loss)/ earnings per share	20 (c)	(0.32)	2.70
Net tangible assets[1] per share	20 (c)	5.59	5.95

1. Net tangible assets includes right-of-use assets.

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

Consolidated Statement of Financial Position
As at 30 June 2022

	Note	2022 $000	2021 $000
Current assets			
Cash and cash equivalents	10	367	87
Trade and other receivables	11	12,812	12,794
Total current assets		13,179	12,881
Non-current assets			
Plant and equipment	12	71	70
Right-of-use assets	13	814	340
Total non-current assets		885	410
Total assets		14,064	13,291
Current liabilities			
Trade and other payables	14	4,874	5,837
Debtor finance facility	15	2,320	783
Lease liabilities	13	307	335
Provisions	16	863	837
Total current liabilities		8,364	7,792
Non-current liabilities			
Lease liabilities	13	526	58
Provisions	16	162	111
Total non-current liabilities		688	169
Total liabilities		9,052	7,961
Net assets		5,012	5,330
Equity			
Contributed equity	18	83,541	83,541
Reserves	19	(129)	(96)
Accumulated losses		(78,400)	(78,115)
Total equity		5,012	5,330

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2022

	Contributed Equity $000	Reserves $000	Accumulated Losses $000	Total $000
Current year				
Balance as at 1 July 2021	83,541	(96)	(78,115)	5,330
Loss for the year attributable to the Owners of the Company	-	-	(285)	(285)
Other comprehensive loss for the year				
Foreign currency translation differences for foreign operations	-	(33)	-	(33)
Total comprehensive loss for the year attributable to the Owners of the Company	-	(33)	(285)	(318)
Balance as at 30 June 2022	83,541	(129)	(78,400)	5,012
Prior year				
Balance as at 1 July 2020	83,541	(95)	(80,530)	2,916
Profit for the year attributable to the Owners of the Company	-	-	2,415	2,415
Other comprehensive income/ (loss) for the year				
Foreign currency translation differences for foreign operations	-	(1)	-	(1)
Total comprehensive income/ (loss) for the year attributable to the Owners of the Company	-	(1)	2,415	2,414
Balance as at 30 June 2021	83,541	(96)	(78,115)	5,330

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

Consolidated Statement of Cash Flows
For the year ended 30 June 2022

	Note	2022 $000	2021 $000
Cash flows (used in)/ from operating activities			
Receipts from customers		127,378	125,067
Payments to suppliers and employees		(119,719)	(118,554)
Interest received		-	1
Interest and other borrowing costs paid		(186)	(217)
Government grants and subsidies		-	2,607
Goods and services tax paid		(8,252)	(8,234)
Net cash (used in)/ from operating activities	21(a)	(779)	670
Cash flows used in investing activities			
Purchase of plant and equipment	12	(58)	(4)
Net cash used in investing activities		(58)	(4)
Cash flows from/ (used in) financing activities			
Net proceeds from/ (repayment of) debtor finance facility	21(b)	1,537	(404)
Payment of lease liabilities	21(b)	(398)	(586)
Net cash from/ (used in) financing activities		1,139	(990)
Net increase/ (decrease) in cash held		302	(324)
Cash and cash equivalents at the beginning of the year		87	408
Effect of exchange rates on cash holdings in foreign currencies		(22)	3
Cash and cash equivalents at the end of the year	10	367	87

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

Note 1 Reporting Entity

The Company is a for-profit company limited by shares, incorporated and domiciled in Australia. The consolidated financial statements represent the Group as at and for the financial year ended 30 June 2022.

The registered office of the Company is located at Level 2, 55 Wentworth Avenue, Kingston, ACT 2604 and its principal place of business is Mezzanine Level, 3 Spring Street, Sydney, NSW 2000.

Note 2 Basis of Preparation

The consolidated financial statements are general purpose financial statements prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements comply with the International Financial Reporting Standards ("IFRS") and interpretations adopted by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared under the historical cost convention. All amounts are presented in Australian dollars, unless otherwise noted.

The consolidated financial statements were authorised for issue by the Directors on the 25th day of August 2022.

Going concern

The Directors have prepared the consolidated financial statements on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the discharge of liabilities in the ordinary course of business.

The consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2022 reflects a loss from ordinary activities net of income tax of $285k (30 June 2021: profit of $2,415k) and the consolidated statement of cash flows reflects cash outflows from operating activities of $779k (30 June 2021: cash flows from operating activities of $670k). As at 30 June 2022 the consolidated statement of financial position reflects net assets of $5,012k (30 June 2021: $5,330k). The movement in net assets since 30 June 2021 comprises the loss from ordinary activities net of income tax of $285k and a net foreign currency translation loss of $33k in relation to foreign operations.

AASB 101 Presentation of Financial Statements requires Directors to determine the Group's ability to continue as a going concern for the purposes of preparing the consolidated financial statements.

To assist in determining the Group's ability to continue as a going concern, the Directors have prepared base case 15-month profit and loss and cash flow forecasts for the period July 2022 to September 2023. The Directors expect the Group to maintain positive net assets at 30 September 2023.

The 15-month profit and loss forecast indicates a nominal profit from operating activities while the cash flow forecast indicates net funds from operating activities over that period. The Group expects to have sufficient trade receivables at any point in time during that period against which to draw down funds under the debtor finance facility. The Directors, therefore, expect the Group to operate within the overall debtor finance facility limit of $15,000k disclosed at Note 15.

The Directors note that the key assumptions in the cash flow forecast are revenue and days sales outstanding ("DSO"), which drive profitability and cash flow. The Directors further note that contingent labour costs move in line with revenue, so any increase or decrease in revenue results in contingent labour costs moving in the same direction and at the same rate, unless there is a significant improvement or deterioration in the underlying customer margin, which is infrequent. The downside sensitivity of each key assumption has been examined individually.

The Directors note that a sustained 10% reduction in forecast revenue, over the 15-month period to 30 September 2023 across all revenue streams, would result in a decrease in the aggregate net cash from operating activities over the forecast period of $1,774k. The Directors also note that a sustained 5-day deterioration in forecast DSO, over the 15-month period to 30 September 2023 across all revenue streams, would result in an increase in the aggregate net cash used in operating activities over the forecast period of $2,792k.

Note 2 Basis of Preparation (continued)

Going concern (continued)

The Directors are confident the additional working capital required under both scenarios is capable of being funded by the debtor finance facility as and when required during the forecast period and as such have determined the Group will be able to pay its debts as and when they fall due.

In the Directors' opinion, the ability of the Group to continue as a going concern is primarily dependent upon:

- At least maintaining revenue and gross profit at the current levels without any material deterioration due to the ongoing, albeit diminished, economic and trading impact of COVID-19;
- Achieving revenue and gross profit growth through customer acquisition and an increase in active contractors;
- Maintaining cash flows from operating activities at current levels including the collection and ageing of trade receivables without any material deterioration;
- Achieving further reductions in shared services costs where possible;
- The Group net assets of $5,012k at 30 June 2022 and the ability to maintain positive net assets at 30 September 2023;
- The existence and continuity of the debtor finance facility with ScotPac Business Finance, which expires on 20 February 2025; and
- The sensitivity analysis undertaken on the cash flow forecast which indicates that even with a sustained 10% reduction in forecast revenue or a sustained 5-day deterioration in forecast DSO, the increased working capital required is capable of being funded by the debtor finance facility, as and when required.

The Directors are confident in the Group's ability to achieve the aforementioned and have, therefore, concluded that it is appropriate to adopt, and have adopted, the going concern basis in preparing the consolidated financial statements. The Directors are of the view that the Group will be able to pay its debts as and when they become due from net cash from operating activities and funds from the debtor finance facility.

However, in the event that the Group is unable to achieve successful outcomes in relation to the aforementioned, such circumstances would indicate that a material uncertainty exists that may cast significant doubt as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements.

The consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Note 3 Significant Accounting Policies

(a) Principles of consolidation

The Company and its controlled entities are collectively referred to in the consolidated financial statements as the Group. The consolidated financial statements incorporate the assets and liabilities as at 30 June 2022 and the results for the year ended 30 June 2022 for the Group.

The Group controls the controlled entities when it has power over the entities, it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the control elements.

Entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

The acquisition method of accounting is used to account for the acquisition of entities by the Group.

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

Non-controlling interests, presented as part of equity, represent the portion of an entity's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of controlled entities between the owners of the parent entity and the non-controlling interests based on their respective ownership interests.

(b) Revenue

Revenue is recognised for the major business activities and service lines as follows:

(i) Specialist Recruitment

Specialist recruitment consists of two main revenue streams.

Contingent Labour

Contingent labour revenue comprises the sourcing, engagement and placement of temporary contractors. The sourcing, identification, submission and acceptance of temporary contractors for specified roles at the customer are not considered to be distinct performance obligations from the temporary contractor being engaged by the Group for an agreed period of time and deployed at the customer and are, therefore, accounted for as a single performance obligation. As explained in Note 3(r)(i), management has made a significant judgement to determine that the Group acts as principal in providing the contingent labour services to customers over the duration of the contract.

Consideration received can be variable in nature, based on the duration of the contract arrangement and the labour rate, which may vary based on contractor tenure. The variable consideration is included in the transaction price at the Group's best estimate, using either an expected value or most likely outcome, whichever provides the best estimate and is included in revenue to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue when any pricing uncertainty is resolved.

Revenues are recognised over a period of time as the services of the temporary contractor are provided to the customer. Services provided but not yet billed are recognised as accrued revenue.

Note 3 Significant Accounting Policies (continued)

(b) Revenue (continued)

(i) Specialist Recruitment (continued)

Permanent Recruitment

Permanent recruitment revenue is recognised once the sourcing and placement are completed and the full-time, part-time or fixed-term candidate commences employment with the customer. The sourcing, identification, submission and acceptance of candidates for specified roles at the customer are not considered to be distinct performance obligations from the customer employing the candidate and are, therefore, accounted for as a single performance obligation. Unlike contingent labour services, the Group does not act as principal in providing the ongoing employment services, and as such has no remaining performance obligations once the customer has employed the candidate.

Consideration received can be variable in nature, based on the customer accepting and employing the candidate. The variable consideration is included in the transaction price at the Group's best estimate, based on the most likely outcome determined from the likelihood of customer acceptance, and is included in revenue to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue when any pricing uncertainty is resolved.

Revenues are recognised at a point in time upon customer acceptance and employment of the candidate. Services provided but not yet billed are recognised as accrued revenue.

(ii) On Demand IT Services

On Demand IT Services revenue comprises the delivery of specified information technology skills. The sourcing, identification and engagement of temporary contractors by the Group to deliver specified information technology skills for the customer are not considered to be distinct performance obligations and are, therefore, accounted for as a single performance obligation. As explained in Note 3(r)(i), management has made a significant judgement to determine that the Group acts as principal in providing the contingent labour services to customers over the duration of the contract.

Consideration received can be variable in nature, based on the duration of the contract arrangement and the service rate, which may vary based on volume. The variable consideration is included in the transaction price at the Group's best estimate, using either an expected value or most likely outcome, whichever provides the best estimate and is included in revenue to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue when any pricing uncertainty is resolved.

Revenues are recognised over a period of time as the services are provided to the customer. Services provided but not yet billed are recognised as accrued revenue.

(iii) Technology & Talent Solutions

Technology & Talent Solutions (previously Talent Solutions) revenue comprises the development and delivery of outsourced recruitment and human resource consulting services. The development and delivery of the services for the customer are not considered to be distinct performance obligations and are therefore, accounted for as a single performance obligation. As explained in Note 3(r)(i), management has made a significant judgement to determine that the Group acts as principal in providing the contingent labour services to customers over the duration of the contract.

Consideration received can be variable in nature, based on the duration of the contract arrangement and the service rate, which may vary based on volume. The variable consideration is included in the transaction price at the Group's best estimate, using either an expected value or most likely outcome, whichever provides the best estimate and is included in revenue to the extent that it is highly probable that there will be no significant reversal of the cumulative amount of revenue when any pricing uncertainty is resolved.

Revenues are recognised over a period of time as the services are provided to the customer. Services provided but not yet billed are recognised as accrued revenue.

Note 3 Significant Accounting Policies (continued)

(b) Revenue (continued)

(iv) Interest Income

Interest income is recognised on a time proportion basis using the effective interest method.

(c) Income tax

Income tax expense comprises current and deferred tax. The charge for current income tax expense is based on profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred income tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting profit or loss or taxable income.

Deferred income tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Deferred tax is recorded in the consolidated statement of profit or loss and other comprehensive income except where it relates to items that may be recorded directly to equity, in which case the deferred tax is recorded directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which they can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. The GST components of cash flows arising from investing or financing activities that are recoverable from or payable to the Australian Taxation Office are presented as operating cash flows.

(e) Foreign currency translation

(i) Functional and Presentational Currency

Items included in the financial statements of each entity that is included in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentational currency.

(ii) Currency Translation

In preparing the financial statements of each entity, transactions in currencies other than the entity's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each financial year, monetary items denominated in foreign currencies are translated at the exchange rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Note 3 Significant Accounting Policies (continued)

(e) Foreign currency translation (continued)

(iii) Foreign Operations

The results and financial position of all the entities included in the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the exchange rates at the reporting date;
- Income and expenses are translated at average exchange rates during the financial year 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/ (loss) and presented in the foreign currency translation reserve in equity; and
- Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of a foreign entity and translated at the exchange rates at the reporting date.

(f) Financial instruments

(i) Classification

Financial Assets

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Financial assets comprise cash and cash equivalents and trade and other receivables on the consolidated statement of financial position.

Financial Liabilities

Non-derivative financial liabilities are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost. Financial liabilities comprise trade and other payables, lease liabilities and the debtor finance facility on the consolidated statement of financial position.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and options are recognised as a deduction from equity, net of any tax effects.

(ii) Recognition and Derecognition

Regular purchases and sales of financial assets are recognised or derecognised on trade-date being the date on which the Group commits to purchase or derecognise the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(g) Impairment of non-financial assets

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 that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in profit or loss 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 costs to sell and value in use. Value in use is the net present value of the future cash inflows. It is determined using a present value model based on management's estimate of future net cash inflows from continued use, including movements in working capital and subsequent disposal of assets. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units"). Impairment losses in respect of goodwill are not reversed.

Note 3 Significant Accounting Policies (continued)

(h) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash includes cash on hand with banks or financial institutions that are at call or readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade receivables

Trade receivables and contract assets (accrued revenue) are recognised initially at fair value and subsequently at carrying value less any loss allowance. Trade receivables are generally due for settlement within 30 to 90 days depending on customer trading terms.

The credit loss allowance for trade receivables is measured at an amount equal to the lifetime expected credit losses for each group of debtors. Debtors are grouped based on shared credit risk characteristics and the days past due.

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of each group of debtors, adjusted for factors that are specific to a debtor including their current financial position, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

Age of trade receivables	Current	1 - 30 days	30 - 60 days	60 - 90 days	> 90 days
Historical loss rate	0.07%	0.35%	8.04%	24.38%	23.00%

The Group has recognised a credit loss allowance at the reporting date of $32k (2021: $27k) as the provision matrix calculation indicated an expected credit loss against trade receivables. Further details are provided in Notes 4(b) and 11.

The amount of any credit loss allowance is recognised in the consolidated statement of profit or loss and other comprehensive income. When a trade receivable for which a credit loss allowance has been recognised becomes uncollectable in a subsequent period, it is written-off against the loss allowance. Subsequent recoveries of amounts previously written-off are credited in the consolidated statement of profit or loss and other comprehensive income.

The Group writes-off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed into liquidation or has entered into bankruptcy proceedings, or when the trade receivable is over two years past due, whichever occurs earlier. None of the trade receivables that have been written-off are subject to enforcement activities.

(j) Plant and equipment

Plant and equipment is brought to account at cost less, where applicable, any accumulated depreciation and any accumulated impairment loss. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of its recoverable amount.

The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

Furniture, fixtures and equipment are depreciated over their useful life to the Group commencing from the time the assets are held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements. The cost method of accounting is used for all acquisition of assets. Cost is determined as the fair value of the consideration at the date of acquisition plus costs directly attributable to bringing the asset to a working condition for its intended use.

The gain or loss on disposal of all plant and equipment is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal and is included in profit or loss in the year of disposal.

Note 3 Significant Accounting Policies (continued)

(j) Plant and equipment (continued)

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

Class of asset	Rate	Method
Furniture, fixtures and equipment	9% - 60%	Straight Line
Leasehold improvements	11% - 50%	Straight Line

(k) Intangible assets

Software development costs are capitalised where it is expected they will contribute to a future period financial benefit through revenue generation and/or expenditure reduction. Otherwise such costs are expensed in the period in which they are incurred. Capitalised software development costs include external direct costs of materials and services and direct payroll and payroll related costs of employee time spent on the project. These costs are amortised over periods between 3 and 5 years on the basis of the expected useful life of the resulting software.

Unamortised costs are reviewed at each reporting date to determine the amount (if any) that is no longer recoverable and any amount so identified is written-off.

All capitalised software development costs have been fully amortised as at year end.

(l) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Recruitment Services Under Guarantee

A provision is recognised to represent the liability associated with refunds for permanent placement fall-outs within the guarantee period provided to customers. This is based on the average permanent placement fees and historical experience with fall-outs.

(ii) Make Good on Leased Premises

A provision is recognised for the expected cost to restore leased premises to their original condition at the expiration of the lease. The provision is based on an estimate of the costs to fulfil the obligations within individual leases.

(m) Employee benefits

(i) Employment

Provision is made for the liability for employee benefits arising from services rendered by employees up to the reporting date. Short-term employee benefits expected to be settled within one year together with entitlements arising from wages, salaries and annual leave have been measured as the amounts expected to be paid when the liability is settled plus related on-costs. Other long-term employee benefits payable and long service leave expected to be settled in more than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the Group on behalf of employees to defined contribution superannuation funds and are charged as expenses when incurred.

Note 3 Significant Accounting Policies (continued)

(m) Employee benefits (continued)

(ii) Share Based Payments

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The employee benefits expense recognised in the equity reserve is based on the revised number of options that have vested at the reporting date. The impact of the revision to original estimates, if any, is recognised in the consolidated statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

(iii) Termination

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of when the offer of the termination benefit can no longer be withdrawn and when the costs for a restructuring that is within the scope of AASB 137 Provisions, Contingent Liabilities and Contingent Assets involving the payment of a termination benefit is recognised. If the termination benefits are payable more than 12 months after the reporting date, they are discounted to their present value.

(n) Leases

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period in exchange for consideration. The Group leases office premises and office equipment for fixed periods of 1 month to 3 years.

(i) The Group as Lessee

The Group assesses whether a contract is, or contains, a lease at inception of the contract, and recognises a right-of-use asset and a corresponding lease liability with respect to each lease contract in which it is the lessee, except for short-term leases and leases of low value assets. The Group also applies the practical expedient excluding initial direct costs in the measurement of the right-of-use asset at the date of initial application.

(ii) The Group as Lessor

Leases are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

(iii) Extension and Termination Options

Certain leases for office premises include extension and termination options that are used to maximise operational flexibility in managing the assets used in the Group's operations. All the extension and termination options held are exercisable only by the Group and not by the relevant lessor. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended and not terminated.

(iv) Short-term Leases

For leases with a term of less than twelve months in which it is the lessee, the Group applies the practical expedient that allows companies to recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

Note 3 Significant Accounting Policies (continued)

(n) Leases (continued)

(v) Right-of-Use Asset

The right-of-use asset is presented as a separate line in the consolidated statement of financial position.

The right-of-use asset comprises the initial measurement of the corresponding lease liability and lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. It is subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137 Provisions, Contingent Liabilities and Contingent Assets. Where there is a carrying amount of the asset relating to the provision recognised under AASB 137, the asset is reclassified and included in the right-of-use asset.

A right-of-use asset is depreciated over the shorter of the lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation begins at the commencement date of the lease.

The carrying amount of the right-of-use assets is reviewed annually to ensure it is not in excess of its recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets' employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

(vi) Lease Liability

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease. If this interest rate cannot be readily determined, the Group uses its incremental borrowing rate.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the right-of-use asset and the lease liability. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

Contracts may contain both lease and non-lease components. The Group has elected to adopt the practical expedient that permits a lessee not to separate lease and non-lease components of a lease and instead account for them as a single lease arrangement.

Contracts are negotiated on an individual basis and contain a range of terms and conditions. The office lease contracts do not impose any covenants other than the provision of security deposits in the form of bank guarantees held by the lessor and restitution and rectification obligations on the lessee at termination.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Note 3 Significant Accounting Policies (continued)

(n) Leases (continued)

(vi) Lease Liability (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payment change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(o) Current and non-current classification

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

An asset is classified as current when:

- It is expected to be realised or intended to be sold or consumed in the Group's normal operating cycle;
- It is held primarily for the purposes of trading;
- It is expected to be realised within 12 months of the reporting date; or
- The asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

A liability is classified as current when:

- It is expected to be settled in the Group's normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months of the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

(p) Earnings/ (loss) per share

(i) Basic Earnings/ (Loss) per Share

Basic earnings/ (loss) per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 3 Significant Accounting Policies (continued)

(p) Earnings/ (loss) per share (continued)

(ii) Diluted Earnings/ (Loss) per Share

Diluted earnings/ (loss) per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for the effects of all dilutive potential ordinary shares which comprise relevant share options granted to employees.

Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings/ (loss) per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

(q) Dividends

A provision is recognised for dividends when they have been declared, determined or publicly recommended by the Directors on or before the end of the financial year but not distributed at the reporting date.

(r) Critical accounting estimates and judgements

The preparation of these consolidated financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated financial statements, the significant judgements made by the Directors in applying the Group's accounting policies and the key sources of estimation uncertainty are described below.

(i) Revenue Recognition

The main area of judgement in revenue recognition relates to the recognition of contingent labour arrangements where the Group acts on a principal (gross) basis rather than an agent (net) basis.

The factors considered by the Directors, on a contract by contact basis, when concluding the Group is acting as principal rather than agent are as follows:

- The customer has a direct relationship with the Group;
- The Group has the primary responsibility for providing the services to the customer and engages and contracts directly with the contractor; and
- The Group has latitude in establishing the rates directly or indirectly with all parties

(ii) Going Concern

The Directors have prepared the consolidated financial statements on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the discharge of liabilities in the ordinary course of business. In making this assessment the Directors applied significant judgement in reviewing the profit and loss and cash flow forecasts, undertaking sensitivity analysis of those forecasts and understanding the capacity of the debtor finance facility to support the Group's working capital requirements. Refer to Note 2 for the going concern assessment.

Furthermore, the consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities, as the Directors are of the opinion that the consolidated financial statements should be prepared on the going concern basis

Note 3 Significant Accounting Policies (continued)

(s) Rounding of amounts

The Company has applied the relief available under ASIC Corporations (Rounding in Financials/ Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the financial report have been rounded to the nearest thousand dollars or in certain cases to the nearest dollar, unless otherwise indicated. Auditors', Directors' and executive remuneration has been rounded to the nearest dollar.

(t) New accounting standards and interpretations

(i) New and Revised AASB Standards Affecting Disclosures and/or Amounts Reported in the Consolidated Financial Statements

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the current financial year. The application of these amendments does not have any material impact on the disclosures and/ or the amounts recognised in the consolidated financial statements:

- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2;
- AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions Beyond 30 June 2021;

(ii) Impact of the Application of New and Revised AASB Standards and Interpretations in Issue but Not Yet Effective

The Directors have considered the impact of all new and revised AASB Standards and Interpretations and concluded that the application of these amendments is not expected to have any material impact on the disclosures and/ or the amounts recognised in the consolidated financial statements, and do not intend to adopt any of these pronouncements before their effective date. At the date of authorisation of the consolidated financial statements the standards listed below were in issue but not yet effective and were relevant to the Group:

Standard mandatory beyond 30 June 2022	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 January 2023	30 June 2024
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2022	30 June 2023
AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current - Deferral of Effective Date	1 January 2022	30 June 2024
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	30 June 2024
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023	30 June 2024
AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	1 January 2023	30 June 2024

Note 3 Significant Accounting Policies (continued)

(u) Comparatives

Certain comparative amounts, which are not deemed to be material, have been disclosed or reclassified where necessary to provide consistency with current period disclosures.

(v) Government grants

In accordance with AASB 120 Accounting for Government Grants and Disclosure of Government Assistance, government grants are recognised at their fair value where there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate

Specifically, the Federal Government JobKeeper Payment subsidies received are presented as “other income” in profit or loss when the eligibility criteria are met and wages paid according to the requirements of the scheme. The “top-up” wage payments made in accordance with the scheme are recognised as “employee benefits expense” in profit or loss. Further details are provided in Note 6.

No government grants were received in the current financial year.

Note 4 Financial Risk Management

The Board of Directors of the Company (the “Board”) has a formally constituted Board Audit, Risk and Compliance Committee (the “Committee”), which operates under a charter approved by the Board. The Committee’s objectives are to assist the Board in safeguarding integrity in financial reporting, making timely and balanced disclosure to shareholders and potential shareholders in accordance with the principles of continuous disclosure, and recognising and managing risk.

In meeting these objectives, the Committee is responsible for, among other matters, identifying, monitoring and assessing the Group’s internal control framework and risk management strategies and processes in relation to specific risks categorised as financial, economic, operational, compliance, intellectual capital, security and human capital.

The risks of the Group are periodically assessed and the Committee, with management, agree on risk mitigation strategies, including monitoring and reporting.

In regard to financial risk, the Group has identified potential exposure to:

- Market risk (including foreign exchange risk, foreign currency risk and interest rate risk);
- Credit risk; and
- Liquidity risk.

Note 4 Financial Risk Management (continued)

The Group uses a variety of methods to measure these financial risks including sensitivity analysis for market risks, ageing analysis and pre-trade credit assessment for credit risks and cash flow forecasting and debtor finance facility monitoring for liquidity risks. The Group holds the following financial instruments:

	Note	Consolidated 2022 $000	2021 $000
Financial assets measured at amortised cost			
Cash and cash equivalents	10	367	87
Trade receivables (net of loss allowance)	11	7,311	8,080
Accrued revenue	11	4,311	3,888
Other receivables	11	463	253
Term deposits	11	242	242
Total financial assets		12,694	12,550
Financial liabilities measured at amortised cost			
Trade payables	14	2,387	2,361
Other payables	14	345	679
Lease liabilities	13	833	393
Debtor finance facility	15	2,320	783
Total financial liabilities		5,885	4,216

(a) Market risk

(i) Foreign Exchange Risk

The Group operates internationally and is primarily exposed to foreign exchange risk arising from foreign currency exposures to the New Zealand dollar (“NZD”).

(ii) Foreign Currency Risk

To limit the exposure to foreign currency risk, the Group’s foreign controlled entities’ transactions are carried out in their local currency such that cash inflows and outflows are largely offset to minimise the impact of foreign currency translation. The Group does not undertake any hedging activities with respect to day-to-day foreign currency exposures. The Group’s exposure to foreign currency risk based on notional amounts follows:

	2022 NZD $000	2021 NZD $000
Cash and cash equivalents	413	84
Trade and other receivables	279	565
Trade and other payables	(14)	(46)
Net exposure on consolidated statement of financial position	678	603

The following foreign exchange rates applied during the financial year:

	Average Rate 2022	2021	Year End Spot Rate 2022	2021
NZD	1.106	1.075	1.109	1.075

Note 4 Financial Risk Management (continued)

(a) Market risk (continued)

(iii) Currency Sensitivity on Group

The following table details the Group's sensitivity to a 10% increase and a 10% decrease in the relevant foreign currency against the Australian dollar. A 10% sensitivity represents management's assessment of the reasonably possible movement in foreign exchange rates.

Impact of a 10% increase in foreign currency against consolidated balances	NZD $000
30 June 2022	
Net current financial assets	61
Impact on net profit/ (loss) from ordinary activities after income tax	(15)
30 June 2021	
Net current financial assets	56
Impact on net profit/ (loss) from ordinary activities after income tax	(20)

Impact of a 10% decrease in foreign currency against consolidated balances	NZD $000
30 June 2022	
Net current financial assets	(61)
Impact on net profit/ (loss) from ordinary activities after income tax	15
30 June 2021	
Net current financial assets	(56)
Impact on net profit/ (loss) from ordinary activities after income tax	20

(iv) Cash Flow and Fair Value Interest Rate Risk

The Group's policy is to utilise its debtor finance facility to accommodate its working capital requirements that vary with its pay and bill cycles whilst minimising its interest costs. At the reporting date the Group had the following variable rate borrowings:

	Weighted Average Interest Rate		Balance	
	2022 %	2021 %	2022 $000	2021 $000
Debtor finance facility (Note 15)	6.8	6.9	2,320	783

(v) Group Sensitivity

	5% Increase in Weighted Average Interest Rate		5% Decrease in Weighted Average Interest Rate	
	2022 $000	2021 $000	2022 $000	2021 $000
Impact on net profit/ (loss) from ordinary activities after income tax	(30)	(30)	30	30

(vi) Price Risk

The Group does not hold any investments in equities or commodities and is therefore not subject to price risk for any recognised financial assets.

Note 4 Financial Risk Management (continued)

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from credit exposures to customer trade receivables. Independent credit assessments are used for all new customers and only those with a low risk of default rating are accepted. If there is insufficient credit history to provide an accurate rating, other factors such as assessment of financial position, nature of proposed transactions and directors' personal guarantees are considered.

Compliance to credit limits is monitored internally by the Group's management. Trade receivable ageing reports are submitted regularly to the Board for review.

The Group maintains standard credit terms in its terms and conditions. Some preferred supplier agreements dictate longer payment terms, however, the credit risk remains unaffected.

The carrying value of trade receivables less loss allowance is considered a reasonable approximation of fair value due to their short-term nature.

The Group has recognised a credit loss allowance at the reporting date of $32k (2021: $27k) as the provision matrix calculation indicated an expected credit loss against trade receivables. Further details are provided in Notes 3(i) and 11.

Trade Receivables

The following table demonstrates the Group's trade receivables at the reporting date aged from their due dates:

	Trade Receivables Aged From Due Date					
	Current $000	1-30 Days $000	31-60 Days $000	61-90 Days $000	90+ Days $000	Total $000
30 June 2022						
Trade receivables	6,719	445	109	56	14	7,343
	92%	6%	1%	1%	0%	100%
30 June 2021						
Trade receivables	7,472	423	126	23	63	8,107
	92%	5%	2%	0%	1%	100%

(c) Liquidity risk

The Group manages liquidity risk by monitoring daily and weekly cash flows and ensuring that adequate finance facilities are maintained. The Group maintains cash and cash equivalents and its debtor finance facility to meet its liquidity requirements and raises equity as and when required. Funding for long-term liquidity needs is secured by having adequate finance facilities in place.

Compliance with the debtor finance facility obligations is monitored as part of the cash flow management process. Refer to Note 15 for a summary of the debtor finance facility at the reporting date.

Customers based in Australia account for 98% (2021: 94%) of trade receivables. The amount due from the largest customer at 30 June 2022 was $604k (2021: $670k).

The carrying value of trade and other payables is considered a reasonable approximation of fair value due to their short-term nature. Trade payables are settled within six months.

Note 5 Disaggregation of Revenue

The Group derives its revenue from the transfer of services over time and at a point in time through the following service lines and geographic regions. This is consistent with the revenue information that is disclosed for each reportable segment under AASB 8 Segment Reporting as disclosed in Note 7. Revenue information for continuing operations for the financial year is as follows:

	Consolidated	
	2022	2021
	$000	$000
Timing of revenue recognition - over time		
Contingent labour Australia and New Zealand	105,540	103,787
On demand information technology services Australia and New Zealand	7,161	8,038
Outsourced recruitment and human resource consulting services Australia	1,322	1,173
	114,023	112,998
Timing of revenue recognition - at a point in time		
Permanent recruitment Australia	1,499	880
Total revenue	115,522	113,878

Note 6 Other Income

The Group recognised other income for the financial year as follows:

	Consolidated	
	2022	2021
	$000	$000
JobKeeper Payment subsidies[1]	-	2,607
Sundry income	5	25
	5	2,632

1. The Company became eligible for the Australian Federal Government JobKeeper Payment subsidies for eligible staff and contractors in June 2020 and met the AASB 120 revenue recognition criteria in July 2020. During the comparative period, the Australian Taxation Office paid the Company a total of $2,607k in JobKeeper Payment subsidies.

Note 7 Segment Reporting

The Group is organised around three operating segments across two geographic regions, which are all labour related. These segments are Specialist Recruitment, On Demand IT Services and Technology & Talent Solutions in Australia and New Zealand. Segment information for continuing operations for the financial year is as follows.

(a) Segments

The Group determines and presents operating segments based on the information that is provided internally to the Board who are the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segment results are reviewed regularly by the Board in order to assess the performance of each segment and make decisions about the allocation of resources.

Note 7 Segment Reporting (continued)

(a) Segments (continued)

	Specialist Recruitment		On Demand IT Services		Technology & Talent Solutions		Corporate[1]		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Revenue	107,016	104,659	7,184	8,046	1,322	1,173	-	-	115,522	113,878
Profit/ (loss) before tax	5,298	4,624	495	841	(321)	(19)	-	2,551	5,472	7,997
Less: Corporate overheads									(5,757)	(5,582)
Consolidated (loss)/ profit before income tax									(285)	2,415

1. Profit before income tax in the comparative period reflects the JobKeeper Payment subsidies received less payment of “top-up” wages to eligible staff and contractors.

	Australia		New Zealand		Consolidated	
	2022	2021	2022	2021	2022	2021
	$000	$000	$000	$000	$000	$000
Revenue	114,444	112,690	1,078	1,188	115,522	113,878
Finance income	-	1	-	-	-	1
Total income	114,444	112,691	1,078	1,188	115,522	113,879
Non-current assets	885	410	-	-	885	410

(b) Segment accounting policies

Segment information is prepared in accordance with the accounting policies of the Group as disclosed in Note 7(a) and accounting standard AASB 8 Segment Reporting. During the financial year, there were no changes in segment accounting policies that had a material effect on the segment information.

(c) Income

The Group derived income from the provision of contingent labour and permanent recruitment services, on demand information technology services and outsourced recruitment and human resource consulting services for government and non-government entities in Australia and New Zealand.

(d) Inter-segment transactions

The pricing of inter-segment transactions is on the same basis as prices charged on transactions with parties outside the Group. Such transactions are eliminated on consolidation, except for margin earned on transactions where the services will ultimately be provided outside the Group.

(e) Information about major customers

Included in revenue arising from Specialist Recruitment in Australia and New Zealand of $107,016k (2021: $104,659k) are revenues of approximately $30,236k (2021: $31,819k) which arose from sales to the Group's three largest customers. The largest customer contributed $13,641k (2021: $17,886k), the second largest customer $8,449k (2021: $7,051k) and the third largest customer accounted for $8,146k (2021: $6,882k). No other single customer contributed 5% or more to the Group's revenue during the financial year.

Note 8 Expenses

The details of expenses for continuing operations during the financial year are set out below:

	Consolidated	
	2022	2021
	$000	$000
Depreciation and amortisation expense		
Furniture, fixtures and equipment	24	43
Leasehold improvements	11	21
Capitalised software development costs	-	30
Property right-of-use assets	333	331
Equipment right-of-use assets	30	20
Total depreciation and amortisation expense	398	445
Other expenses		
Loss allowance	5	27
Consultancy fees	557	333
Professional fees	228	179
Facilities expenses	35	83
Insurances	543	393
Marketing and advertising	494	307
Software licences and subscription services	928	941
Other operating overheads	504	431
Total other expenses	3,294	2,694
Payments to defined contribution superannuation plans	788	682

Note 9 Income Tax Expense

	Consolidated	
	2022	2021
	$000	$000
The prima facie tax (expense)/ benefit on profit/ (loss) before income tax for continuing operations is reconciled as follows:		
Prima facie tax benefit/ (expense) on (loss)/ profit before income tax at 30%	86	(725)
Add tax effect of:		
Non-deductible expenses	(28)	(18)
Current year losses for which no deferred tax asset is recognised	(58)	-
Prior year tax losses utilised in the current year	-	743
Total income tax benefit/ (expense)	-	-

Note 10 Cash and Cash Equivalents

	Consolidated	
	2022	2021
	$000	$000
Cash at bank and on hand	367	87

Note 11 Trade and Other Receivables

	Consolidated	
	2022	2021
	$000	$000
Trade receivables	7,343	8,107
Loss allowance	(32)	(27)
Net trade receivables	7,311	8,080
Accrued revenue	4,311	3,888
Prepayments	485	331
Other receivables	463	253
Term deposits	242	242
Total trade and other receivables	12,812	12,794

All trade and other receivables are current and are non-interest bearing. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value due to their short-term nature. Term deposits refers to those amounts required to secure the bank guarantees in respect of leases disclosed at Note 13. Refer to the disclosure in Note 4 regarding financial risk management.

(a) Movement in expected credit losses

	Consolidated	
	2022	2021
	$000	$000
Balance at the beginning of the year	27	-
Expected credit loss recognised during the year	5	27
Balance at the end of the year	32	27

The Group has recognised a credit loss allowance at the reporting date of $32k (2021: $27k) as the provision matrix calculation indicated an expected credit loss against trade receivables. Further details are provided in Notes 3(i) and 4(b).

The amount of the credit loss allowance is recognised in the consolidated statement of profit or loss and other comprehensive income. When a trade receivable for which a loss allowance has been recognised becomes uncollectable in a subsequent period, it is written-off against the loss allowance. Subsequent recoveries of amounts previously written-off are credited in the consolidated statement of profit or loss and other comprehensive income.

The Group writes-off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed into liquidation or has entered into bankruptcy proceedings, or when the trade receivable is over two years past due, whichever occurs earlier. None of the trade receivables that have been written-off are subject to enforcement activities.

(b) Past due but not written-off

At the reporting date, trade receivables of $624k (2021: $635k) were past due but not impaired. The ageing analysis of these past due but not impaired trade receivables is as follows:

	Past Due But Not Impaired Trade Receivables Aged From Due Date				
	1-30 Days	31-60 Days	61-90 Days	90+ Days	Total
	$000	$000	$000	$000	$000
30 June 2022					
Trade receivables	445	109	56	14	624
30 June 2021					
Trade receivables	423	126	23	63	635

Note 12 Plant and Equipment

	Consolidated 2022 $000	2021 $000
Furniture, fixtures and equipment, at cost	177	254
Accumulated depreciation	(106)	(217)
Furniture, fixtures and equipment, net book value	71	37
Leasehold improvements, at cost	425	478
Accumulated depreciation	(425)	(445)
Leasehold improvements, net book value	-	33
Total plant and equipment, net book value	71	70

Movements in carrying amounts

	Furniture, Fixtures and Equipment	Leasehold Improvements	Total
	2022 $000	2022 $000	2022 $000
Balance at the beginning of the year	37	33	70
Additions	58	-	58
Disposals	(134)	(22)	(156)
Accumulated depreciation on disposed assets	134	-	134
Depreciation expense	(24)	(11)	(35)
Balance at the end of the year	71	-	71
	2021 $000	2021 $000	2021 $000
Balance at the beginning of the year	77	54	131
Additions	4	-	4
Disposals	(479)	(1,024)	(1,503)
Accumulated depreciation on disposed assets	478	1,024	1,502
Depreciation expense	(43)	(21)	(64)
Balance at the end of the year	37	33	70

Note 13 Leases

(a) Amounts recognised in the consolidated statement of financial position

Right-of-Use Assets

	Consolidated 2022 $000	2021 $000
Property right-of-use assets, at cost	1,017	935
Accumulated depreciation	(323)	(629)
Property right-of-use assets, net book value	694	306
Equipment right-of-use assets, at cost	190	74
Accumulated depreciation	(70)	(40)
Equipment right-of-use assets, net book value	120	34
Total right-of-use assets, net book value	814	340

Note 13 Leases (continued)

Movements in carrying amounts

	Property	Equipment	Total
	2022	2022	2022
	$000	$000	$000
Balance at the beginning of the year	306	34	340
Additions	721	116	837
Disposals	(639)	-	(639)
Accumulated depreciation on disposed assets	639	-	639
Depreciation expense	(333)	(30)	(363)
Balance at the end of the year	694	120	814
	2021	2021	2021
	$000	$000	$000
Balance at the beginning of the year	637	54	691
Additions	4	-	4
Disposals	(364)	-	(364)
Accumulated depreciation on disposed assets	360	-	360
Depreciation expense	(331)	(20)	(351)
Balance at the end of the year	306	34	340

Lease Liabilities

	Consolidated	
	2022	2021
	$000	$000
Maturity analysis - contractual undiscounted cash flows		
Less than six months	198	209
Six months to one year	150	143
One to five years	559	59
Total undiscounted lease liabilities	907	411
Lease liabilities included in the consolidated statement of financial position		
Current	307	335
Non-current	526	58
Total lease liabilities	833	393

(b) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income for continuing operations

	Consolidated	
	2022	2021
	$000	$000
Depreciation expense on right-of-use assets	363	351
Interest expense on lease liabilities	29	55
Expense relating to short-term leases	602	631
Total amount recognised in profit or loss	994	1,037

Note 13 Leases (continued)

(c) Amounts recognised in the consolidated statement of cash flows for continuing operations

	Consolidated	
	2022	2021
	$000	$000
Total cash outflow for leases	1,029	1,272

(d) Qualitative information on leases

See Note 3(n).

Note 14 Trade and Other Payables

All trade and other payables are non-interest bearing. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to their short-term nature. Trade payables are normally settled within six months.

	Consolidated	
	2022	2021
	$000	$000
Current		
Trade payables	2,387	2,361
Statutory payables	2,142	2,797
Other payables	345	679
Total trade and other payables	4,874	5,837

Note 15 Debtor Finance Facility

The Group relies on a secured debtor finance facility provided by ScotPac Business Finance expiring on 20 February 2025 (the "Facility") to meet its working capital requirements. Under this Facility, the Group draws down funds for working capital and customers make payments directly to the lender to reduce the Facility draw down. This results in cash inflows and outflows that are treated as financing cash flows. The Facility is secured by a fixed and floating charge over the Company's assets.

The maximum Facility amount is the lower of 85% of approved trade receivables or $15,000k and is subject to certain drawdown and reporting conditions. At the reporting date the total available Facility was $5,731k (2021: $5,859k) and the applicable interest rate was 6.66% (2021: 6.66%).

	Consolidated	
	2022	2021
	$000	$000
Available debtor finance facility	5,731	5,859
Undrawn debtor finance facility	(3,411)	(5,076)
Amount drawn down	2,320	783

Note 16 Provisions

	Consolidated 2022 $000	Consolidated 2021 $000
Current		
Employee benefits	833	702
Recruitment services under guarantee	30	30
Make good on leased premises	-	105
Total current provisions	863	837
Non-current		
Employee benefits	66	96
Make good on leased premises	96	15
Total non-current provisions	162	111
Total provisions	1,025	948

Movements in provisions

Movements in provisions, other than employee benefits, during the financial year are set out below.

	Recruitment Services Under Guarantee	Make Good on Leased Premises	Total
	2022	2022	2022
	$000	$000	$000
Balance at the beginning of the year	30	120	150
Additional provision recognised	-	36	36
Amounts released	-	(45)	(45)
Amounts derecognised on disposal	-	(15)	(15)
Balance at the end of the year	30	96	126
	2021	2021	2021
	$000	$000	$000
Balance at the beginning of the year	30	95	125
Additional provision recognised	-	41	41
Amounts derecognised on disposal	-	(16)	(16)
Balance at the end of the year	30	120	150

Note 17 Deferred Tax Assets

There are unrecognised deferred income tax assets in relation to Australian tax losses on revenue account of $25,486k (2021: $24,730k). Unrecognised deferred income tax assets are reassessed at each reporting date and will be recognised to the extent that the Directors consider it probable that future taxable profit will allow the deferred income tax asset to be realised.

During the financial year the Company generated a loss from ordinary activities before income tax of $285k. Therefore, the Directors have determined not to recognise the deferred income tax assets in relation to Australian tax losses on revenue account at the reporting date.

Note 18 Contributed Equity

The Company does not have authorised capital or par value in respect of its listed ordinary shares. All issued ordinary shares are fully paid and rank equally with regards to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

	Consolidated	
	2022	2021
	$000	$000
Paid up share capital at the beginning of the year	83,541	83,541
Paid up share capital at the end of the year	83,541	83,541

	No.	No.
Issued shares at the beginning of the year	89,582,175	89,582,175
Issued shares at the end of the year	89,582,175	89,582,175

Capital risk management

The Company's objective when managing capital is to safeguard the ability to continue as a going concern, so that the Company can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital.

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

The Company monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as "equity" shown in the balance sheet plus debt.

		Consolidated	
		2022	2021
	Note	$000	$000
Cash and cash equivalents	10	367	87
Debtor finance facility	15	(2,320)	(783)
Net (debt)/ cash		(1,953)	(696)
Total equity		(5,012)	(5,330)
Total capital		(6,965)	(6,026)
Gearing ratio		28.0%	11.5%

Note 19 Reserves

	Consolidated	
	2022	2021
	$000	$000
Balance at the beginning of the year	(96)	(95)
Net movement	(33)	(1)
Balance at the end of the year	(129)	(96)

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities. The reserve is recognised in the consolidated statement of profit or loss and other comprehensive income when the net investment is disposed.

Note 19 Reserves (continued)

Movements in reserves

	Foreign Currency Translation Reserve	Equity Remuneration Reserve	Total
	2022 $000	2022 $000	2022 $000
Balance at the beginning of the year	(97)	1	(96)
Foreign currency translation differences for foreign operations	(33)	-	(33)
Balance at the end of the year	(130)	1	(129)

	2021 $000	2021 $000	2021 $000
Balance at the beginning of the year	(96)	1	(95)
Foreign currency translation differences for foreign operations	(1)	-	(1)
Balance at the end of the year	(97)	1	(96)

Note 20 Dividends and Per Share Information

(a) Dividends

On 25 August 2022 the Directors resolved not to declare a final dividend for the year ended 30 June 2022. No dividends were paid by the Company in the comparative period.

(b) Franking account balance

	2022 $000	2021 $000
Franking credits available to the Company	15,679	15,679

(c) Per share information

	Consolidated	
	2022 Cents	2021 Cents
Ordinary activities		
Basic (loss)/ earnings per share	(0.32)	2.70
Diluted (loss)/ earnings per share	(0.32)	2.70
Net tangible assets[1] per share	5.59	5.95

1. Net tangible assets includes right-of-use assets.

Weighted average number of shares used as the denominator

	Consolidated	
	2022 No.	2021 No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	89,582,175	89,582,175
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	89,582,175	89,582,175

Note 20 Dividends and Per Share Information (continued)

Reconciliation of (loss)/ earnings per share

	Consolidated 2022 $000	Consolidated 2021 $000
Ordinary activities		
(Loss)/ profit after tax used in calculating basic (loss)/ earnings per share	(285)	2,415
(Loss)/ profit after tax used in calculating diluted (loss)/ earnings per share	(285)	2,415
Net tangible assets	5,012	5,330

Note 21 Cash Flow Information

(a) Reconciliation of (loss)/ profit from ordinary activities after income tax to cash flows (used in)/ from operating activities

	Consolidated 2022 $000	Consolidated 2021 $000
(Loss)/ profit from ordinary activities after income tax	(285)	2,415
Adjustments for:		
Depreciation and amortisation expense	398	445
Loss/ (gain) on disposal of fixed assets	22	(4)
Net exchange differences	(10)	1
Changes in assets and liabilities:		
Decrease/ (increase) in trade and other debtors and accrued revenue	136	(106)
Increase in prepayments	(154)	(99)
Decrease in trade creditors and accruals	(963)	(1,859)
Increase/ (decrease) in provisions	77	(123)
Net cash (used in)/ from operating activities	(779)	670

(b) Changes in liabilities arising from financing activities

	Debtor Finance Facility	Lease Liabilities	Total
	2022 $000	2022 $000	2022 $000
Balance at the beginning of the year	783	393	1,176
Initial recognition of lease liabilities	-	838	838
Net cash from/ (used in) financing activities	1,537	(398)	1,139
Balance at the end of the year	2,320	833	3,153
	2021 $000	2021 $000	2021 $000
Balance at the beginning of the year	1,187	979	2,166
Net cash used in financing activities	(404)	(586)	(990)
Balance at the end of the year	783	393	1,176

Note 22 Remuneration of Auditors

During the financial year, the following fees were paid or were payable for services provided by the auditors of the Company and their related practices and to auditors of controlled entities:

	Consolidated	
	2022 $	2021 $
Audit services		
Auditors of the Company	95,412	92,809
Taxation services		
Auditors of the Company	8,000	27,634
Network firm of the auditors of the Company	4,585	-
Total	12,585	27,634

Note 23 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 3(a). The Company does not have any holdings in joint ventures or associates.

				Equity Holding %	
Subsidiary	Principal Activity	Country of Incorporation	Class of Shares	2022	2021
Ignite New Zealand Holdings Limited	Holding	New Zealand	Ordinary	100	100
Ignite IT Services Limited	Operating	New Zealand	Ordinary	100	100

Note 24 Related Party Disclosures

(a) Parent entity

The ultimate parent entity and ultimate controlling entity within the Group is Ignite Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 23.

(c) Terms and conditions

All transactions between related parties were made on normal commercial terms and conditions. There are no fixed terms for the repayment of loans between entities within the Group.

(d) Directors and key management personnel

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

	2022 $	2021 $
Short-term employment benefits	935,934	1,141,751
Post-employment benefits	71,821	66,260
Total	1,007,755	1,208,011

Note 25 Parent Entity Disclosure

(a) Statement of profit or loss and other comprehensive income for the year ended 30 June 2022

	2022 $000	2021 $000
Revenue	114,444	112,690
Contingent labour costs	(100,526)	(99,435)
Gross profit	13,918	13,255
Other income	5	2,632
Employee benefits expense	(9,899)	(9,719)
Depreciation and amortisation expense	(398)	(445)
Occupancy expense	(602)	(631)
Other expenses	(3,283)	(2,657)
(Loss)/ profit from ordinary activities before net finance expense	(259)	2,435
Finance income	-	1
Finance expense	(186)	(217)
(Loss)/ profit from ordinary activities before income tax	(445)	2,219
Income tax expense	-	-
Total comprehensive (loss)/ profit for the year	(445)	2,219
Accumulated losses at the beginning of the year	(78,599)	(80,818)
(Loss)/ profit after income tax	(445)	2,219
Accumulated losses at the end of the year	(79,044)	(78,599)

(b) Statement of financial position as at 30 June 2022

	2022 $000	2021 $000
Assets		
Current assets	12,657	12,454
Non-current assets	885	410
Total assets	13,542	12,864
Liabilities		
Current liabilities	8,353	7,749
Non-current liabilities	688	169
Total liabilities	9,041	7,918
Equity		
Contributed equity	83,541	83,541
Reserves	4	4
Accumulated losses	(79,044)	(78,599)
Total equity	4,501	4,946

Note 25 Parent Entity Disclosure (continued)

(c) Parent entity contingencies

The Company has no material contingent liabilities to disclose at the reporting date (2021: $Nil).

The Company has no capital commitments for the acquisition of property, plant and equipment at the reporting date (2021: $Nil).

(d) Parent entity guarantees

Bank guarantees have been provided on behalf of the Company to third parties in relation to the leases disclosed at Note 13. In the event of default, the issuing bank has security from the Company for the value of the bank guarantees.

Note 26 Contingent Liabilities

The Group has no material contingent liabilities to disclose at the reporting date (2021: $Nil).

Note 27 Events Subsequent to the Reporting Date

The Group continues to be exposed to the impact of COVID-19 and associated public health restrictions creating uncertainty around the medium-term trading environment and economic impact in Australia and New Zealand.

Official cash rates and inflation are expected to continue to increase during the 2023 financial year. Consequently, recessionary fears may dampen business confidence, tempering demand for contingent labour and permanent recruitment services.

Subsequent to the reporting date, and as of the date of this report, there has been no material impact on the Group's financial performance from these events.

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

Directors' Declaration

The Directors of the Company declare that:

1. In the opinion of the Directors of the Company:

   (a) the consolidated financial statements and notes that are contained in pages 30 to 64 and the remuneration report in the Directors' Report, set out on pages 11 to 16, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2022.

3. The Directors draw attention to Note 2 to the consolidated financial statements, which include a statement of compliance with International Financial Reporting Standards.

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

Garry Sladden
Chairperson

Dated at Sydney this 25th day of August 2022.

PKF

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IGNITE LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying Financial Report of Ignite Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration of the Company and the consolidated entity comprising the Company and the entities it controlled at the year-end or from time to time during the financial year (together the Group).

In our opinion, the Financial Report of Ignite Limited is in accordance with the Corporations Act 2001, including:

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We 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 and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the Financial Report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the Financial Report, which describes management's assessment of the Group's ability to continue as a going concern. The matters described in Note 2 indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PKF (NS) Audit & Assurance Limited Partnership
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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period. These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

1. Revenue from contracts with customers

Why significant

For the year ended 30 June 2022, revenue amounted to $115,522,000 as disclosed in Note 5 of the Financial Report.

The Group's accounting policy in respect of revenue is outlined in Note 3(b) and the significant judgement required in calculating revenue is described in Note 3(r).

Accordingly, given the nature of the judgement in the accounting for revenue from contracts from customers, we have determined this to be a key audit matter.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Obtaining an understanding of, and testing selected key controls for their operating effectiveness;
- Reviewing significant contracts to understand their terms and conditions and their impact on revenue recognition;
- Using data analytics techniques on revenue schedules to provide enhanced insights and identify potential exceptions and anomalies for further investigation;
- Testing a sample of revenue items from across all revenue streams to ensure accuracy and completeness of recognition in accordance with accounting standards;
- Testing revenue cut-off testing to ensure the recognition of revenue in the appropriate periods; and
- Assessing the appropriateness of the related disclosures in Notes 5 and 7.

Other Information

Other information is financial and non-financial information in the annual report of the Group which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Chairman's Letter, the Chief Executive's Report, the Financial and Operational Review, the Directors' report, the Corporate Governance Statement, and Additional Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

Other Information (continued)

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities 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 consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.

Auditor's Responsibilities for the Audit of the Financial Report (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the Group Financial Report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Ignite Limited for the year ended 30 June 2022, 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.

PKF

PAUL PEARMAN
PARTNER

25 AUGUST 2022
SYDNEY, NSW

Additional Information

The following information is required by ASX.

(a) Classes of securities and voting rights

There are two classes of equity securities, being ordinary shares and options. The ordinary shares are quoted on ASX, while the options are unlisted.

The voting rights in respect of the ordinary shares are established by the Company's Constitution which reads as follows:

Clause 5.12: "On a show of hands every Eligible Member present has one vote. On a poll every Eligible Member has one vote for each fully paid up share."

There is currently no on-market buy-back.

No securities on issue are currently subject to voluntary escrow.

(b) Shareholders and option holders

As at 19 August 2022, the number of shareholders holding less than marketable parcels was 160 and the details and distribution of holders of ordinary shares and holders of options was as follows.

Range of Shareholdings	Holders of Ordinary Shares	% of Ordinary Shares
1-1,000	51	0.02
1,001-5,000	76	0.23
5,001-10,000	149	1.37
10,001-100,000	319	10.04
100,001 and over	54	88.34
	649	100.0

Option Holders	Number
Options Granted	Nil

(c) Substantial shareholders

As at 19 August 2022, the names of the substantial shareholders listed in the Company's register were as follows.

Shareholder	Number of Ordinary Shares
Gold Tiger Equities Pty Ltd	23,000,000
Octavium Capital Investment Pty Ltd	22,094,397
Sandon Capital Pty Ltd	10,150,664
Timothy Joseph Moran	8,320,000

(d) Twenty largest shareholders

As at 19 August 2022, the names of the twenty largest shareholders according to the Company's share registry were as follows.

Rank	Shareholder	Number of Ordinary Shares	%
1	Gold Tiger Equities Pty Ltd	23,000,000	25.67
2	OC20181 Pty Ltd <OC20181 A/C>	17,716,108	19.78
3	Mr Timothy Joseph Moran	8,320,000	9.29
4	One Managed Invt Funds Ltd <Sandon Capital Inv Ltd A/C>	7,591,834	8.47
5	One Fund Services Ltd <Sandon Capital Activist A/C>	3,402,956	3.80
6	OC20181 Pty Ltd <OC20181 A/C>	2,608,336	2.91
7	Chesser Nominees Pty Ltd	1,769,953	1.98
8	Mr Ian Wallace Edwards + Mrs Josephine Edwards <The Edwards Super Fund A/C>	1,083,072	1.21
9	Mr Christopher Andrew Grummet	961,612	1.07
10	Netwealth Investments Limited <Wrap Services A/C>	944,819	1.05
11	Mrs Naomi Ivy King	900,000	1.00
12	Miss Olivia Margaret King	787,000	0.88
13	Mr Kristian Robert Dibble + Mrs Janet Rachel Dibble <Dibble Super Fund A/C>	724,100	0.81
14	Mr Mark Anthony Gusman	575,000	0.64
15	Mr Roger Alan Catton	550,000	0.61
16	Mr Stuart Andrew Williamson	500,000	0.56
17	Mr William Yue	440,230	0.49
18	Mrs Jacqueline Garrett	370,239	0.41
19	Mr Kristian Robert Dibble + Ms Heather Lee Torrey <Dibble Super Two A/C>	355,126	0.40
20	Mr Barry Joseph Foster + Mrs Pamela Frances Foster <Key Execs S/F A/C>	336,254	0.38
		72,936,639	**81.42**

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