Kelly Partners Group Holdings limited

ABN 25 124 908 363

2021
ANNUAL REPORT

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Directors	Brett Kelly – Chairman, Executive Director Stephen Rouvray – Deputy Chairman, Non-Executive Independent Director Ryan Macnamee – Non-Executive Independent Director Paul Kuchta – Executive Director Ada Poon - Executive Director
Company secretary	Joyce Au
Notice of annual general meeting	The annual general meeting ('AGM') of Kelly Partners Group Holdings Limited will be held on Friday, 8 October 2021. The format and venue of the AGM is yet to be finalised due to the uncertainty brought upon by the recent COVID-19 outbreak in NSW.
Registered office	Level 8 32 Walker Street North Sydney, NSW 2060 Telephone: (02) 9923 0800
Share register	Computershare Investor Services Pty Limited Level 3 60 Carrington Street Sydney, NSW 2000 Telephone: 1300 787 272
Auditor	William Buck Accountants & Advisors Level 29 66 Goulburn Street Sydney, NSW 2000
Stock exchange listing	Kelly Partners Group Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: KPG) since 21 June 2017
Website	http://www.kellypartnersgroup.com.au
Corporate Governance Statement	The directors and management are committed to conducting the business of Kelly Partners Group Holdings Limited in an ethical manner and in accordance with the highest standards of corporate governance. Kelly Partners Group Holdings Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual can be found on the Company's website - www.kellypartnersgroup.com.au/investor-centre/corporate-governance-2.

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

Directors

The following persons were directors of Kelly Partners Group Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Brett Kelly - Chairman
Stephen Rouvray - Deputy Chairman
Ryan Macnamee
Paul Kuchta
Ada Poon

Principal activities

During the financial year, the principal continuing activities of the Group were the provision of chartered accounting and other professional services, predominantly to private businesses and high net worth individuals.

Strategy

The Company aims to build per-share intrinsic value by:

(1) Improving the earning power of our subsidiaries;
(2) Further increase our subsidiaries' earnings through tuck-in acquisitions;
(3) (a) Growing our accounting subsidiaries;
(b) Growing our complementary businesses;
(4) Repurchasing Company's shares when available at a meaningful discount from intrinsic value; and
(5) Making an occasional large acquisition (i.e. greater than $5m in revenue).

The following table presents the performance of the business against the comparative year in delivering the Group's strategy:

	Strategy	Measure	FY21	FY20	FY 19	FY18	FY 17 (IPO)
(1)	Improving the earning power of its subsidiaries	EBITDA margin of operating businesses	33.4%	32.5%	27.7%	34.0%	30.9%
(2)	Further increase their earnings through tuck-in acquisitions	Contribution to revenue growth from acquired businesses	4.8%	6.6%	6.4%	17.2%	-
(3) a.	Growing our accounting subsidiaries	Contribution to revenue growth from existing accounting businesses	1.4%	6.6%	(6.9%)	10.5%	-
(3) b.	Growing our complementary businesses	Contribution to revenue growth from existing accounting businesses	1.2%	2.8%	1.8%	3.1%	-
		Wealth	1.0%	0.4%	0.7%	1.0%	-
		Finance	0.2%	0.4%	0.7%	0.8%	-
		Investment office	0.0%	0.9%	0.0%	0.4%	-
		Discontinued operations*	n/a	1.1%	0.4%	0.9%	-
		Insurance(from Jan-21)	n/a	n/a	n/a	n/a	n/a
		Alternative Investments (from Jan-21)	n/a	n/a	n/a	n/a	n/a
(4)	Repurchasing the Company's shares when available at a meaningful discount from intrinsic value	(i) Number of shares repurchased	400,000	95,000	2,181	-	-
		(ii) % of shares issued repurchased	0.88%	0.21%	-	-	-
(5)	Making an occasional large acquisition (i.e. greater than $5m in revenue)	Number of large acquisitions	-	-	-	-	1

* Discontinued operations being Kelly Partners Corporate Advisory. Financial metrics shown in this report exclude discontinued operations.

Key financial metrics

The Company uses Return on Equity ('ROE'), Return on Invested Capital ('ROIC'), Earnings Per Share ('EPS') and Owners' earnings as key financial metrics to measure the performance of the Group and its return to shareholders. The Group continues to achieve superior returns on equity and invested capital, as measured by ROE and ROIC.

The following table summarises the key financial metrics used by the Company to measure the performance of the Group and its return to shareholders, since IPO:

Key financial metric	**Formula**	**FY21**	**FY20**	**FY19**	**FY18**	**FY17 (IPO)**
Return to owners						
Owners' earnings* - Group	Cash from operating activities - repayment of lease liabilities - maintenance capex	$12,807,837	$12,174,442	$9,673,451	$6,304,912	$6,619,077
Owners' earnings* - Parent	Cash from operating activities - repayment of lease liabilities - maintenance capex	$5,014,894	$3,885,041	$3,128,904	n/a	n/a
Return on equity	Underlying NPATA / Equity	46.7%	44.2%	36.6%	47.8%	35.1%
Return on invested capital	(Underlying NPATA + cash interest) / (Equity + debt)	27.9%	26.1%	22.7%	31.2%	21.9%
Earnings per share (EPS) (cents per share)	Underlying attributed NPATA / Weighted average number of shares	11.32	8.67	7.02	9.51	4.97
Ordinary dividends (cents per share)**	Ordinary dividends paid	5.32	4.84	4.40	4.00	-
Ordinary dividends payout ratio**	Ordinary dividends share / EPS (underlying NPATA)	47.0%	55.8%	62.7%	42.1%	-
Cash conversion / debt						
Cash conversion	Operating cashflow / Statutory EBITDA	93.5%	97.3%	116.8%	63.5%	269.6%
Gearing ratio	Net Debt / Underlying EBITDA	0.84x	0.96x	1.35x	0.79x	1.4x
Net debt per partner	Net Debt / Number of Partners	$296,758	$346,198	$366,813	$291,167	$326,230
Number of partners	Number of partners	53	44	40	39	36

* The Group uses owners' earnings to measure cash flow available to the Group. Owner’s earnings is a non-IFRS measure which is used to measure cash flow to the Group (after taxes and finance costs) and after taking into account the necessary:

- additions or deductions of working capital investment (debtors, accrued Income, and other accrual movements) required as the business grows and makes acquisitions;
- deductions required for the maintenance capital expenditure for the business to maintain on-going operations in the long term; and
- deducting the repayment of lease liability from cash from operations (which AASB16 reclassifies to cash from financing activities).

In FY21, Owners' earnings for the 12 months were $12,807,837 (FY20: $12,174,442) up 5.2% from the prior corresponding period. Owners' earnings for the parent entity were $5,041,894 (FY20: $3,885,041), up 29.08% from the prior corresponding period.

** Ordinary dividends for FY21 includes the final dividend for FY21 expected to be declared and paid prior to November 2021. The final dividend is expected to be at least 0.68 cents per share.

Review of operations

In the year ended 30 June 2021 ('FY21'), the Group has recorded a consolidated statutory net profit after income tax from continuing operations of $10,945,476 (year ended 30 June 2020 ('FY20'): $10,142,653). The total comprehensive income attributable to the owners of the parent entity was $4,625,330 (FY20: $3,949,955), an increase of 17.1%.

The directors consider Underlying Earnings Before Interest, Tax, Depreciation and Amortisation ('Underlying EBITDA') and Underlying Net Profit After Tax Before Amortisation ('Underlying NPATA') to reflect the core earnings of the Group. Underlying EBITDA and Underlying NPATA are financial measures not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and other items which management consider unrelated to the underlying performance of the Group.

Underlying EBITDA and Underlying NPATA are key measurements used by management and the board to assess and review business performance and accordingly the following table provides a reconciliation between profit after income tax expense and Underlying EBITDA.

The following table provides a reconciliation between the NPAT and the Underlying EBITDA of the consolidated Group:

	Consolidated	
	2021 $	2020 $
Statutory net profit after income tax ('NPAT') from continuing operations	10,945,476	10,142,653
Finance costs	1,550,839	1,535,539
Income tax expense	1,963,663	1,430,335
Depreciation and amortisation expense	4,427,456	3,740,900
Earnings before interest, tax, depreciation and amortisation ('EBITDA')	18,887,434	16,849,427
Add: Non-recurring expenses		
Restructuring costs	91,306	165,389
Acquisition costs	721,474	540,682
Non-operating business losses	169,246	-
Other non-recurring expenses	165,314	-
Less: Non-recurring income		
One-off government grants in relation to COVID-19	(825,368)	(1,075,910)
Lease standard - impact on changes on extension of options	-	(557,012)
Change in fair value of contingent consideration	(447,508)	-
Net proceeds received from settlement of legal dispute	(107,963)	-
Underlying EBITDA	18,653,935	15,922,576

Underlying EBITDA of the Group was $18,653,935 (2020: $15,922,576), an increase of 17.2%.

The following table provides a reconciliation between the NPAT and the Underlying NPATA which is attributable to the owners of Kelly Partners Group Holdings Limited.

	Consolidated 2021 $	Consolidated 2020 $
Statutory NPAT from continuing operations attributable to owners of Kelly Partners Group Holdings Limited	4,625,330	3,949,955
Amortisation of customer relationship intangibles	553,624	452,728
NPATA attributable to owners of Kelly Partners Group Holdings Limited	5,178,954	4,402,683
Add: Non-recurring expenses		
Restructuring costs	87,366	97,914
Acquisition costs	426,836	372,142
Non-operating business losses	96,180	-
Other non-recurring expenses	82,854	-
Less: Non-recurring revenue		
One-off government grants in relation to COVID-19	(450,458)	(592,515)
Lease standard - impact on changes on extension of options	-	(322,321)
Change in fair value of contingent consideration	(211,462)	-
Net proceeds from settlement of legal dispute	(49,107)	-
Net non-recurring items	(17,791)	(444,780)
Less: Tax effect of non-recurring items	(46,331)	(20,225)
Underlying NPATA attributable to owners of Kelly Partners Group Holdings Limited	5,114,832	3,937,678

Underlying NPATA attributable to members of the parent entity was $5,114,832 (2020: $3,937,678), an increase of 29.9%.

COVID-19

Management response and action

As at 30 June 2021 the Group has not experienced a decline in revenue or collections. In FY20, out of an abundance of prudence and caution, the Group has sought to protect margins through reducing expenses and to protect the balance sheet by managing working capital and maximising liquidity through increasing its bank lines of credit. The additional bank lines of credit were reduced to their original limits in FY21 as they were not utilised.

In July 2021, a renewed COVID-19 outbreak has led to lockdown and extensive restrictions imposed in the Greater Sydney area. In response to this, the Group has recommenced working from home arrangements for its team members. At the date of this report, the Group has not seen a significant impact on its revenue or collections but continues to act with prudence and caution in the current pandemic environment.

Operationally the Group continues its focus on protecting the physical health, safety and mental wellbeing of its people. The Group continues to maximise the use of technology and proactively seek opportunities to improve and upgrade its IT infrastructure and security. In respect of acquisitions, the Group continues to see a strong pipeline and has adjusted its commercial terms and due diligence processes to reflect the current market environment.

In FY20, the management undertook specific actions in response to the COVID-19 pandemic, including a reduction in ongoing expenses and overheads, negotiations of rent abatements, reduction in team sizes etc. In response to the recent COVID-19 outbreak, management may revisit these strategies to protect the Group from the potential impacts of the pandemic.

Financial performance

Acquisitions and integration

Since 1 July 2020, the Group has completed 7 acquisitions with total annual revenues of $6.2m to $8.2m, representing an annual $0.8m to $1.0m NPATA contribution to the parent. The Group has exceeded the $3.8m target acquisition for FY21 as per the Group’s 5-year plan. The completed acquisitions are listed in the table below:

#	Acquired	Location	Type	Acquired Revenue
1	Jul-20	Inner West	Tuck-in	$0.1m - $0.1m
2	Nov-20	Oran Park	Tuck-in	$0.4m - $0.5m
3	Mar-21	Inner West	Tuck-in	$0.6m - $0.8m
4	Apr-21	Central Coast	Tuck-in	$2.1m - $3.0m
5	Jul-21	Newcastle	Marquee	$0.8m - $1.0m
6	Jul-21	Sydney CBD	Tuck-in	$1.9m - $2.4m
7	Jul-21	Norwest	Tuck-in	$0.3m - $0.4m
	Total			**$6.2m - $8.2m**
	% of FY20 Revenue ($46.4m)			**13% - 18%**

Acquired businesses generally have lower gross margins and higher operating costs initially. It is expected that any dilutive impact of their existing margins will reduce over time as they evolve to our more efficient business model.

During FY21, the Group also benefited from the contribution for the full year from the two acquisitions made in FY20 (Melbourne and Glenbrook).

Offices and partners
As at 30 June 2021, the Group operates out of 16 offices (30 June 2020: 15). During the year, the Group negotiated renewals of its North Sydney office lease at competitive rates. The Group also undertook a fitout upgrade to its Wollongong and Northern Beaches offices, having relocated both businesses to more modern and aesthetic premises upon the termination of its existing leases. Both new premises are located at street level with excellent exposure and visibility and are ideal locations for the Wollongong and Northern Beaches businesses to operate from in the long run. In January 2021, the Group also launched a new greenfield office in Pittwater with a view to creating a dominant presence in the Northern Beaches region together with the existing Kelly Partners Northern Beaches office in Brookvale.

As at 30 June 2021, the total number of equity partners (excluding the CEO, Brett Kelly) was 53 (30 June 2020: 44) with five new partners promoted internally, four new partners recruited externally, and two partners from completed acquisitions. Post balance date, one new partner was promoted internally, taking the total number of equity partners to 54. The Group continues its focus in admitting and recruiting new partners as part of its strategy to retain and motivate key talents and to drive top line revenue growth.

Properties
As at 30 June 2021, the Group holds controlling interests in two of the properties out of which the Group operates. These properties house the Central Coast and Central Tablelands offices in which the Group acquired controlling interests in August 2019. The properties were acquired for a total consideration of $2.1m, of which the operating partners of the Central Coast and Central Tablelands businesses own a non-controlling interest. Following a review of the property strategy, the Group will look at unlocking its capital tied to these properties and removing the properties from the balance sheet.

Revenue
Revenue for FY21 increased 7.5% to $48,906,446 (FY20: $45,495,584). A reconciliation of acquisition and organic growth is set out below:

	$	Growth rate %
FY20 Revenue	45,495,584	-
Complementary business growth	555,648	1.2
Accounting business growth	655,373	1.5
Total organic growth	1,211,021	2.7
Acquisition revenue	2,199,841	4.8
Acquisition revenue	2,199,841	4.8
FY21 Revenue	48,906,446	7.5

Acquired revenue of $2,199,841 contributed 4.8% of revenue growth, with in year acquisitions completed in FY21 contributing $925,948 and the annualised revenue from two acquisitions completed in FY20 contributing $1,273,893.

Organic revenue increased 2.7% compared to the prior period. The Group continues to target annual organic growth of 5%. While the Group has fallen short of this target this year due to limitations to price increases during the COVID-19 period, the Group expects organic revenue to increase post COVID-19 with more opportunities for price and volume increases across the network.

Operating expenses
- Employment and related expenses are the Group's largest expense. Whilst the expense went up 6.3% to $22,659,311, the increase is in line with the revenue growth of 7.5%.
- Other expenses have decreased by $548,768 or 6.5% to $7,847,131, and is mainly due to a reduction in parent entity investments, as outlined in the "Additional investments expenditure in the Parent Entity" section below. A target for management has been to continually invest for growth but manage within or close to the Services Fee and IP License Fee received by the parent entity.

Underlying EBITDA
Underlying EBITDA (which measures EBITDA before one off and non-recurring items) increased 17.2% to $18,653,935 (FY20: $15,922,576).

The directors consider underlying EBITDA margin before AASB 16 as a more meaningful measurement of performance. The underlying EBITDA margin before AASB 16 has increased to 32.6% (FY20: 29.6%). The EBITDA margin improvement has come about from significant reductions in the parent entity additional investments expenditure, as outlined in the subsequent section below.

The Group continues to target minimum Underlying EBITDA margins (before AASB 16) of 32.5%. A reconciliation of Underlying EBITDA before and after the AASB 16 leasing adjustment is set out in the table below.

	2021 $	2020 $	2019 $
Underlying EBITDA	18,653,935	15,922,576	10,889,236
AASB 16 leasing adjustment - Rent expense	(2,703,699)	(2,456,469)	-
Underlying EBITDA before AASB 16 leasing adjustments	15,950,236	13,466,107	10,889,236
As a % of revenue	32.60%	29.60%	27.20%

Additional investments expenditure in the Parent Entity
The parent entity, has since the IPO, continued to invest significantly in growth in order to further develop the capabilities of the central services team and for the business to be positioned for long term growth as well as to grow its competitive advantage. These investments for growth have exceeded the central Services Fee and IP Fee income that the Company receives from its operating businesses, as shown in the table below.

As communicated in prior financial results releases and announcements, the Company undertook a significant review of its cost structures and additional investments expenditure made during the coronavirus outbreak in March 2020 and committed to reducing the ongoing additional investments expenditure spend to be in line with the income it receives from its operating businesses. This focus and review have brought the additional investments expenditure significantly downwards to $371,127 for the year contributing significantly to the uplift in the Underlying attributed NPATA for the year. The Company maintains its strategy to continue to improve operational efficiency impact overtime, unless attractive opportunities arise where the Company sees a benefit in committing additional investments expenditure.

	2021 $	2020 $	2019 $	2018 $
Group Revenue	48,906,446	45,495,584	39,975,031	39,468,666
Additional investments expenditure	371,127	1,630,905	742,439	371,913
% of Revenue	0.8%	3.6%	1.9%	0.9%

Non-recurring and one-off items

Total non-recurring income for the Group for the year was $1,380,839 (FY20: $1,632,922) and included:

1) $825,368 in one-off government grants in relation to COVID-19. The parent entity's share of the government grants were used to repay debt attributed to the parent;
2) $447,508 non-cash income relating to a change in fair value of contingent consideration. This relates to completed acquisitions in FY20 where the vendor had not achieved the required targets for the payment of the contingent consideration; and
3) $107,963 in net proceeds received from the settlement of a legal dispute. The legal dispute relates to the vendor of a previously completed transaction who had breached the terms of the acquisition agreement and had agreed on settlement of the dispute upon mediation. The amount shown is net of legal fees incurred in pursuing the dispute.

Total non-recurring expenses for the year of $1,147,340 (FY20: $706,071) which included:

1) $321,359 in lease expenses relating to a lease inherited as part of the Central Coast acquisition. On completion of the acquisition, as part of integrating the acquired business, the existing team was relocated to the Kelly Partners Central Coast office, rendering the existing premise vacant and the lease onerous. This cost is not expected to recur post the expiration of the existing lease in April 2022, and hence has been excluded from underlying results;
2) $202,237 in non-cash fair value movements (unwinding of interest) in contingent consideration payable on acquisitions;
3) $197,878 in expenses related to completing the 7 acquisitions this year, including legal expenses, implementation costs, finance costs of establishing debt acquisition funding, non-cash insurance expenses prepaid by the vendor and amortised, and recruitment costs of new partner to lead acquired businesses;
4) $169,246 in start-up expenses to date in excess of revenue relating to non-operating businesses being Kelly Partners Alternative Investments and Kelly Partners General Insurance. The Kelly Partners Alternative Investments business has now been merged into Kelly Partners Private Wealth Wholesale. A new Senior Manager has been placed in the Austbrokers Kelly Partners partnership (of which Kelly Partners General Insurance holds a 50% interest) and will commence immediately post lockdown;
5) $91,306 in restructuring costs;
6) $81,948 in make good costs incurred on termination of the leases in the Wollongong and Northern Beaches premises; and
7) $83,366 in other non-recurring expenses.

The Group excludes acquisition costs in determining the non-IFRS profit measures such as Underlying EBITDA, as it provides transparency to look-through to the underlying performance of the Group.

Depreciation and amortisation and finance costs

Depreciation and Amortisation expense increased to $4,427,456 (FY20: $3,740,900) and includes depreciation expense of $3,352,706 (FY20: $2,816,687) and amortisation expense of $1,074,750 (FY20: $924,213).The increase in amortisation expense is due to recent acquisitions completed creating customer relationship intangible assets that are amortised in accordance with accounting standards.

Finance costs of $1,550,839 is in line with the prior year (FY20: $1,535,539). Finance costs include interest on lease liabilities recognised due to the implementation of AASB 16 and the reclassification of rent expense to finance and depreciation costs.

Income tax expense

The Group's Income Tax Expense has increased to $1,963,663 (FY20: $1,430,335), mainly due to an increase in taxable income and an increase in the applicable tax rates. The Group's forecast revenue for FY22 is expected to be greater than $50m, resulting in the Group no longer being eligible as a "base rate entity". This has led to the deferred tax rates to be updated to 30% (from 26%), such that the proportionate increase in the Income Tax Expense is much higher than the increase in Net Profit Before Tax. Note that as the majority of businesses are structured as partnerships, the income tax expense attributable to the minority interests in these partnerships is not included in the consolidated accounts.

Cash flow

Cash from operations

Receipts from customers increased 2.8% to $53,359,426 (FY20: $51,901,820). Payments to suppliers and employees increased at the same rate of 2.8% to $36,939,488 (FY20: $35,946,225). Operating Cashflow defined as Receipts from Customers less Payments to suppliers and employees) excluding Other Income (which mainly consists of one-off items) was up 2.9% to $16,419,938.

Cash from investing activities
In FY21 the Group spent $2,322,365 on property, plant and equipment capital expenditure. This included $1,977,417 in fitout upgrades completed in the Wollongong, Rozelle, Northern Beaches and Pittwater offices. The remaining $344,948 represents office and computer equipment, new motor vehicles and other capital expenditures.

Cash from financing activities
In FY21 the Group's borrowings increased marginally by $127,816 to $16,504,851 (30 Jun 20: $16,377,035). This is despite new borrowings of $3,367,109 taken out during the year for the completion of the FY21 acquisitions. This reflects the Group's strong and disciplined approach in repaying debt, having repaid $6,426,892 compared to $5,761,572 in the prior period, representing an increase of 11.5%. Proceeds from borrowings of $6,538,544 included $3,367,109 in acquisition funding, $1,494,052 in fitout funding, $1,080,000 relating to the buy in of seven new partners in to the respective operating businesses, and the remaining $597,383 in insurance premium funding and motor vehicle financing.

Working capital
The Group continues to maintain a disciplined approach to managing its lockup (defined as trade receivables and accrued income less contract liabilities), with lockup of $6,841,427 being in line with the prior year (30 Jun 20: $6,875,094). Lockup days reduced, decreasing by 7.4% to 51.1 days (30 Jun 20: 55.2 days). This continues to be a strong result and has been achieved alongside acquisition and organic growth.

Capital structure
The business continues to maintain an appropriately conservative capital structure. As at 30 June 2021 the Group's Gearing Ratio (defined as Net Debt / Underlying EBITDA) reduced to 0.84x (30 Jun 20: 0.96x). Net Debt is a non-IFRS measure and means Total Borrowings less Cash and Cash Equivalents.

Dividends
Amounts recognised as dividends:

	Consolidated	
	2021 $	2020 $
During the year ended 30 June 2021:		
First interim dividend of $0.0133 per ordinary share, paid on 1 October 2020	602,490	-
Second interim dividend of $0.0133 per ordinary share, paid on 4 January 2021	599,831	-
Third interim dividend of $0.0033 per ordinary share, paid on 29 January 2021	148,683	-
Fourth interim dividend of $0.0033 per ordinary share, paid on 26 February 2021	148,684	-
Fifth interim dividend of $0.0033 per ordinary share, paid on 31 March 2021	148,684	-
Sixth interim dividend of $0.0033 per ordinary share, paid on 30 April 2021	148,500	-
Seventh interim dividend of $0.0033 per ordinary share, paid on 31 May 2021	148,500	-
Eighth interim dividend of $0.0033 per ordinary share, paid on 30 June 2021	148,500	-
	2,093,872	-
During the year ended 30 June 2020:		
Special dividend of $0.0055 per ordinary share, paid on 18 September 2019	-	249,881
First interim dividend of $0.0121 per ordinary share, paid on 30 September 2019	-	549,737
Second interim dividend of $0.0121 per ordinary share, paid on 2 January 2020	-	549,340
Third interim dividend of $0.0121 per ordinary share, paid on 2 April 2020	-	549,340
Final dividend of $0.0121 per ordinary share, paid on 2 July 2020	-	549,340
	-	2,447,638
	2,093,872	2,447,638

Final dividend for the year ended 30 June 2021 will be declared and paid prior to November 2021 and will be at a minimum 0.68 cents per share. Total dividends for the year ended 30 June 2021 including the final dividend is expected to be 5.32 cents per share, representing a 10% increase on prior year ordinary dividends.

Significant changes in the state of affairs
Acquisition
During the financial year, the Group completed 4 acquisitions with total annual revenues of $3.2m to $4.4m. Details of the acquisitions can be found in the preceding "Acquisitions and integration" section.

Share buy-back
On 9 September 2019, the Company announced a new share buy-back of up to 10% of the minimum number of Company's shares outstanding in the last 12 months (being a buy-back of up to 4,543,280 shares at 9 September 2019) less shares bought back in the buy-back closed on 2 September 2019 (being 64,372 shares), therefore a total of 4,478,908 shares. During the financial year ended 30 June 2020, the Company purchased and cancelled 32,809 shares. At 30 June 2020, 4,446,099 shares are authorised for on-market buy-back.

On 23 September 2020, the Company announced the continuation of its share buy-back program of up to 10% of the minimum number of Company's shares outstanding in the last 12 months (being a buy-back of up to 4,530,000 shares at 23 September 2020). During the financial year ended 30 June 2021, the Company bought back 400,000 shares. At 30 June 2021, 4,230,000 shares are authorised for on-market buy-back.

COVID-19
The Group had not experienced a decline in revenue or collections due to COVID-19. Various measures were put in to place in FY20 in response to the pandemic as outlined in the preceding “COVID-19” section.

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

Matters subsequent to the end of the financial year

Acquisitions
On 1 July 2021, Kelly Partners Hunter Region, a subsidiary of Kelly Partners Group Holdings Limited, acquired an accounting firm located in Newcastle, NSW. The acquisition is expected to contribute approximately $0.8m to $1.0m in annual revenues to the consolidated Group and approximately $0.1m NPATA to the Parent.

On 12 July 2021, Kelly Partners Sydney, a subsidiary of Kelly Partners Group Holdings Limited, acquired an accounting firm located in Sydney CBD, NSW. The acquisition is expected to contribute approximately $2.2m to $2.4m in annual revenues to the consolidated Group and approximately $0.3m NPATA to the Parent.

COVID-19
In July 2021, a renewed COVID-19 outbreak has led to lockdown and extensive restrictions imposed in the Greater Sydney area. In response to this, the Group has recommenced working from home arrangements for its team members. At the date of this report, the Group has not seen a significant impact on its revenue or collections but continues to act with prudence and caution in the current pandemic environment. Further details on managements response and action to the COVID-19 pandemic is included in the preceding “COVID-19” section.

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

Likely developments and expected results of operations

The Group will continue to pursue its policy of increasing the profitability and market share in the markets within which it operates during the next financial year.

The Group’s growth plan is based on a three-pronged strategy: organic growth, network expansion (which includes acquisitions, tuck-ins and greenfields) and the introduction of new services.

Economic, environmental and social sustainability risks

The operations of the Group are not subject to any particular or significant Commonwealth, State or Territory environmental regulations.

Accounting services, which require associated expert advice typically provided by accountants, are important particularly in the case of small and medium enterprises where the complexity of taxation and other compliance requirements are increasing, and therefore it is unlikely that there would be a material risk in relation to economic sustainability. Risks that may arise include rapidity in changes in technology and simplification of tax legislation. The risks in relation to economic sustainability are considered as part of determining strategy and management regularly monitor market developments.

Part of the Group’s commitment to managing these risks is ensuring that it has governance systems, structures, values, principles, frameworks and policies to define its decision making context for managing its business sustainably.

Information on directors

Name:	Brett Kelly (appointed on 16 April 2017)
Title:	Executive Chairman and Chief Executive Officer
Qualifications:	BBus, CA, MTax, DipFS, RTA, JP
Experience and expertise:	Brett is the Founder and CEO of Kelly+Partners. He has more than 20 years of commercial and professional accountancy experience, specialising in assisting private clients, private business owners and families. He commenced his career as a Chartered Accountant with 5 years at PwC Australia, and then worked at 3 mid-sized accounting firms. In 2006, Brett founded Kelly+Partners with accounting businesses in North Sydney and the Central Coast, before building out the network to 26 businesses over 17 locations to date. Brett is also the best-selling author of four books on life, business and wisdom.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Nomination and Remuneration Committee
Interests in shares:	22,701,961 ordinary shares
Interests in options:	None
Contractual rights to shares:	None

Name:	Stephen Rouvray (appointed on 2 May 2017)
Title:	Deputy Chairman and Non-Executive Independent Director
Qualifications:	BEc, CA
Experience and expertise:	Stephen has over 45 years' experience in financial services across many senior leadership roles. He was Chief Financial Officer, Company Secretary and Manager of Investor Relations for AUB Group (formerly Austbrokers) from 2005 until 2015. Prior to this, he was General Manager for ING Australia Holdings from 2002 to 2005 having joined ING's predecessor company, Mercantile Mutual, in 1985. Over this 20 year period, Stephen held the position of Company Secretary which included its subsidiary companies operating in the life & general insurance, investment management, funds management and banking sectors. At the start of his career, he worked in the accountancy profession from 1971 to 1984. Since retiring as CFO, Stephen continues to represent AUB Group as a director for a number of its associates.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Nomination and Remuneration Committee Chairman of the Audit and Risk Committee
Interests in shares:	150,000 ordinary shares
Interests in options:	None
Contractual rights to shares:	None

Name:	Ryan Macnamee (appointed on 2 May 2017)
Title:	Non-Executive Independent Director
Qualifications:	BCom, GACID
Experience and expertise:	Ryan is an experienced business technology executive with over 25 years of IT management experience. He has been Chief Information Officer (CIO) at Laing O'Rourke Australia since 2012 and served as Group CIO for 7.5 years. In addition to his Australian CIO role, Ryan is also the Group Chief Information Security Officer (CISO) at Laing O'Rourke. Ryan is responsible for all IT functions within Laing O'Rourke with a focus on strategic objectives, global alignment and delivering business value. In his Group Chief Information Security Officer role Ryan is responsible for Cyber Security across the Laing O'Rourke Group. Prior to his current role, he held several senior IT management positions at Woolworths, earlier in his career, Ryan served in various senior IT positions at financial, insurance, construction and retail operations globally. Ryan is currently on the board of thinkproject Australia & New Zealand, and previously held board positions at the Open Data Institute and Advanced Navigation.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Nomination and Remuneration Committee
Interests in shares:	Member of the Audit and Risk Committee
Interests in options:	145,046 ordinary shares
Interests in rights:	None
Contractual rights to shares:	None

Name:	Paul Kuchta (appointed on 2 May 2017)
Title:	Executive Director
Qualifications:	BBus, CA, FTIA, DipFP, RTA, JP
Experience and expertise:	Paul is a Chartered Accountant with over 20 years' accounting experience specialising in the provision of compliance, tax and advisory services to private SME's and their owners. He commenced his career with Farrar & Company Chartered Accountants in 1998, where he worked for 10 years. Paul then joined Crowe Horwath in 2008 for a further 4 years. He was a founding partner of Kelly+Partners Norwest when the practice was launched in 2012.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	164,000 ordinary shares
Interests in options:	None
Contractual rights to shares:	None

Name:	Ada Poon (appointed on 6 September 2019)
Title:	Executive Director
Qualifications:	BCom, MCom, JP, Registered Tax Agent, SMSF Specialist Advisor
Experience and expertise:	Ada has more than 15 years' professional accountancy experience and has specialised in accounting and taxation services to Private Business Owners based in Sydney, business and personal taxation compliance self-managed super funds and outsourced finance department services.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	351,227 ordinary shares
Interests in options:	None
Interests in rights:	None

Company secretary

Joyce Au - BCom, MCom, MTax, MA(Law), MAppFin. CA (appointed on 1 May 2020 as Company Secretary and General Counsel)

Joyce is a solicitor admitted to the Supreme Court of NSW and a Chartered Accountant. Joyce has 15 years' experience across accounting, tax, finance, commercial law, corporate transactions and business operations. Joyce has worked with Kelly Partners for over 10 years since its inception in 2006 across a number of roles including accounting, audit, finance and operations. Most recently she worked as the Corporate Advisor and Investment Analyst in Kelly Partners Corporate Advisory and Kelly Partners Investment Office businesses, covering due diligence, transactions management, financial analysis and fund administration. Prior to that, Joyce practised commercial law for several years advising on corporate structures & transactions, taxation and Corporations Act matters. Joyce is an alumni of the University of Cambridge and has graduated with a first class honours in law. She also holds Masters degrees in Accounting, Tax and Applied Finance.

Meetings of directors

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

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Brett Kelly	6	7	2	2	-	-
Stephen Rouvray	7	7	2	2	2	2
Ryan Macnamee	7	7	2	2	2	2
Paul Kuchta	7	7	-	-	2	2
Ada Poon	7	7	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Committee membership

As at the date of this report, the Company had an Audit and Risk Committee and a Nomination and Remuneration Committee. Members acting on the Committees of the Board during the year were:

Audit and Risk Committee	Nomination and Remuneration Committee
Stephen Rouvray (Chairman)	Stephen Rouvray (Chairman)
Ryan Macnamee	Ryan Macnamee
Paul Kuchta	Brett Kelly

Remuneration report (audited)

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

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

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

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

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

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

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

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

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

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

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. A maximum annual aggregate remuneration of $160,000 is currently in place.

Executive remuneration

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

The executive remuneration and reward framework has four components:

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

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

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

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

Employee Incentive Plan ('EIP')
In December 2019, the Board approved the establishment of the EIP. The EIP is designed to assist in the attraction, motivation, retention and reward of employees by allowing them to participate in the overall success and growth of the Group. The EIP is also designed to align the interests of employees with the interests of shareholders by providing an opportunity for the participants to receive an equity interest in the Company. In FY2021 the EIP Trust purchased 57,360 shares on market for a total of $104,383 with an average share price of $1.82. As at 30 June 2021, total shares of 67,089 continue to be held in trust and have not been allocated to any employees.

Group performance and link to remuneration
For the year ended 30 June 2021 there was no link between Group performance and key management personnel remuneration.

Use of remuneration consultants
During the financial year ended 30 June 2021, the Group engaged Godfrey Remuneration Group (GRG), remuneration consultants, to review its existing remuneration policies and provide recommendations on short term incentive ('STI') and long term incentive ('LTI') programs. A total amount of $49,500 was paid to engage GRG. The Board was satisfied that the remuneration recommendation received was free from undue influence by members of the key management personnel to whom the recommendation relates, because of strict protocols observed and complied with regarding any interaction between GRG and management, and because all remuneration advice was provided to the Nomination and Remuneration Committee. At the date of the report, no recommendations have been implemented.

Voting and comments made at the Company's 2020 Annual General Meeting ('AGM')
The motion was put to a poll at the AGM and was carried.

Details of remuneration
Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in this section.

The key management personnel of the Group consisted of the following directors of Kelly Partners Group Holdings Limited:
- Brett Kelly - Chairman, Chief Executive Officer, Executive Director
- Stephen Rouvray - Deputy Chairman, Non-Executive Independent Director
- Paul Kuchta - Executive Director
- Ryan Macnamee - Non-Executive Independent Director
- Ada Poon - Executive Director

	Short-term benefits			Post employ-ment benefits	Leave	Share-based payments	
2021	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary $**	**Super-annuation $**	**Annual /long service $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
Stephen Rouvray	45,662	-	-	4,338	-	-	50,000
Ryan Macnamee	38,844	-	-	1,156	-	-	40,000
Executive Directors:							
Brett Kelly	338,306	-	44,389	21,694	54,425	-	458,814
Paul Kuchta	10,959	-	-	1,041	-	-	12,000
Ada Poon	10,959	-	-	1,041	-	-	12,000
	444,730	-	44,389	29,270	54,425	-	572,814

	Short-term benefits			Post employ-ment benefits	Leave	Share-based payments	
2020	**Cash salary and fees $**	**Cash bonus $**	**Non-monetary $**	**Super-annuation $**	**Annual /long service $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
Stephen Rouvray	27,397	-	-	2,603	-	-	30,000
Ryan Macnamee	27,397	-	-	2,603	-	-	30,000
Executive Directors:							
Brett Kelly*	321,351	-	31,567	21,003	67,646	-	441,567
Paul Kuchta**	9,132	-	-	868	-	-	10,000
Ada Poon**	9,132	-	-	868	-	-	10,000
	394,409	-	31,567	27,945	67,646	-	521,567

Details of Paul Kuchta and Ada Poon's remuneration are outlined below under 'Service agreements'.

* Brett Kelly voluntarily received a 20% reduction in his base salary from 1 April 2020 to 30 June 2020 in response to the uncertainty of COVID-19.

** The Nomination and Remuneration Committee approved an annual director fee of $12,000 inclusive of superannuation for executive directors Paul Kuchta and Ada Poon, commencing September 2019.

The fixed and the variable at risk proportions of remuneration are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Non-Executive Directors:						
Stephen Rouvray	100%	100%	-	-	-	-
Ryan Macnamee	100%	100%	-	-	-	-
Executive Directors:						
Brett Kelly	100%	100%	-	-	-	-
Paul Kuchta	100%	100%	-	-	-	-
Ada Poon	100%	100%	-	-	-	-

Service agreements

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

Name:	Brett Kelly
Title:	Chairman, Chief Executive Officer, Executive Director
Agreement commenced:	16 May 2017
Term of agreement:	No fixed period
Details:	Base salary of $360,000 p.a. inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Terms include a 12 month termination notice by either party, non-solicitation and non-compete clauses.

Name:	Stephen Rouvray
Title:	Deputy Chairman, Non-Executive Independent Director
Agreement commenced:	2 May 2017
Term of agreement:	No fixed period
Details:	Director fees of $50,000 inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee.

Name:	Ryan Macnamee
Title:	Non-Executive Independent Director
Agreement commenced:	2 May 2017
Term of agreement:	No fixed period
Details:	Director fees of $40,000 inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee.

Name:	Paul Kuchta
Title:	Executive Director
Agreement commenced:	2 May 2017
Term of agreement:	No fixed period
Details:	Director fees of $12,000 inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Paul Kuchta is an Operating Business Owner in the Kelly Partners Norwest Partnership and receives a base distribution plus a distribution of profits from that Operating Business in accordance with the terms of the Partnership Agreement.

Name:	Ada Poon
Title:	Executive Director
Agreement commenced:	6 September 2019
Term of agreement:	No fixed period
Details:	Director fees of $12,000 inclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Ada Poon is an Operating Business Owner in the Kelly Partners North Sydney Partnership and receives a base distribution plus a distribution of profits from that Operating Business in accordance with the terms of the Partnership Agreement.

Share-based compensation

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

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

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

	2021 $	2020 $	2019 $	2018 $	2017 $
Revenue and other gains	50,709,118	47,289,924	40,342,134	40,824,551	30,331,286
EBITDA	18,887,434	16,849,427	10,165,144	13,553,603	2,914,140
Profit after income tax	10,940,551	10,359,306	7,147,654	9,964,034	1,085,446

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

	2021	2020	2019	2018	2017
Share price at financial year end ($)	3.40	0.88	0.89	1.23	1.42
Basic earnings per share (cents per share)	10.24	8.84	5.35	9.63	(8.37)
Diluted earnings per share (cents per share)	10.24	8.84	5.35	9.63	(8.37)

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Additions*	Other	Balance at the end of the year
Ordinary shares				
Brett Kelly	23,400,000	(698,039)	-	22,701,961
Stephen Rouvray	100,000	50,000	-	150,000
Ryan Macnamee	145,046	-	-	145,046
Paul Kuchta	164,000	-	-	164,000
Ada Poon	326,398	24,829	-	351,227
	24,135,444	(623,210)	-	23,512,234

* There were no shares received as part of remuneration.

Loans to/(from) key management personnel and their related parties

On 18 March 2020, the Board of Directors resolved and approved the advancing of a short term loan facility between the Group and an associated entity of Brett Kelly and David Irwin, the Operating Partner in the Kelly Partners Inner West Partnership ('KP(IW)P'), to assist with the purchase of 766 Darling St, Rozelle ('the Rozelle Property'). The facility is unsecured, repayable on demand and interest is charged at commercial rates. The KW(IW)PT business operates out of the Rozelle Property, under a lease which was in place prior to the sale and purchase of the Rozelle Property. As at 30 June 2020, there was $18,143 owing on this facility. This facility was repaid in the 2021 financial year.

On 23 February 2021, an associated entity of Brett Kelly and David Irwin advanced a short term loan facility to Kelly Partners Inner West Partnership to the amount of $72,000. The facility is unsecured, repayable on demand and interest is charged at commercial rates. This loan has subsequently been repaid in July 2021.

	$
Loans to/(from) directors:	
Balance at the beginning of the year	18,143
- loans advanced	(72,000)
- interest on loans	(1,065)
- repayment of loans advanced	(19,004)
Balance at the end of the year	(73,926)

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Kelly Partners Group Holdings Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Kelly Partners Group Holdings Limited issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 31 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 31 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of William Buck Accountants & Advisors

There are no officers of the Company who are former partners of William Buck Accountants & Advisors.

Auditor's independence declaration

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

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

On behalf of the directors

Brett Kelly
Executive Chairman and Chief Executive Officer

9 August 2021
Sydney

Kelly Partners Group Holdings Limited

Auditor's independence declaration under section 307c of the Corporations Act 2001

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

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

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck
Accountants & Advisors
ABN: 16 021 300 521

L.E. Tutt
Partner

Sydney, 9 August 2021

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	Note	Consolidated 2021 $	Consolidated 2020 $
Revenue from continuing operations			
Professional services revenue	5	48,906,446	45,495,584
Other income	6	1,802,672	1,794,340
Total revenue and other income		50,709,118	47,289,924
Expenses			
Employment and related expenses	7	(22,659,311)	(21,308,283)
Rent and utilities		(145,900)	(188,704)
Other expenses		(7,847,131)	(8,395,899)
Business acquisition and restructuring costs		(1,169,342)	(547,611)
Depreciation and amortisation expense	7	(4,427,456)	(3,740,900)
Finance costs	7	(1,550,839)	(1,535,539)
Total expenses		(37,799,979)	(35,716,936)
Profit before income tax expense from continuing operations		12,909,139	11,572,988
Income tax expense	8	(1,963,663)	(1,430,335)
Profit after income tax expense from continuing operations		10,945,476	10,142,653
(Loss)/profit after income tax (expense)/benefit from discontinued operations	9	(4,925)	216,653
Profit after income tax (expense)/benefit for the year		10,940,551	10,359,306
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(3,788)	1,440
Other comprehensive income for the year, net of tax		(3,788)	1,440
Total comprehensive income for the year		10,936,763	10,360,746
Profit for the year is attributable to:			
Non-controlling interest		6,318,214	6,344,797
Owners of Kelly Partners Group Holdings Limited		4,622,337	4,014,509
		10,940,551	10,359,306
Total comprehensive income for the year is attributable to:			
Continuing operations		6,316,358	6,194,138
Discontinued operations		-	151,393
Non-controlling interest		6,316,358	6,345,531
Continuing operations		4,625,330	3,949,955
Discontinued operations		(4,925)	65,260
Owners of Kelly Partners Group Holdings Limited		4,620,405	4,015,215
		10,936,763	10,360,746

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

		Cents	Cents
Earnings per share for profit from continuing operations attributable to the owners of Kelly Partners Group Holdings Limited			
Basic earnings per share	10	10.25	8.36
Diluted earnings per share	10	10.25	8.36
Earnings per share for profit/(loss) from discontinued operations attributable to the owners of Kelly Partners Group Holdings Limited			
Basic earnings per share	10	(0.01)	0.14
Diluted earnings per share	10	(0.01)	0.14
Earnings per share for profit attributable to the owners of Kelly Partners Group Holdings Limited			
Basic earnings per share	10	10.24	8.84
Diluted earnings per share	10	10.24	8.84

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

	Note	Consolidated 2021 $	Consolidated 2020 $
Assets			
Current assets			
Cash and cash equivalents	11	4,039,976	3,779,132
Trade and other receivables	12	6,204,659	5,782,772
Lease receivables	13	51,325	92,956
Accrued income		1,953,426	1,656,656
Other financial assets	14	738,200	903,610
Other assets	18	723,583	635,113
Total current assets		13,711,169	12,850,239
Non-current assets			
Lease receivables	13	128,973	180,298
Other financial assets	14	2,927,454	2,865,078
Property, plant and equipment	15	6,332,309	5,188,052
Right-of-use assets	16	9,485,670	5,895,450
Intangible assets	17	34,474,428	30,299,572
Other assets	18	554,551	453,754
Total non-current assets		53,903,385	44,882,204
Total assets		67,614,554	57,732,443
Liabilities			
Current liabilities			
Trade and other payables	19	3,028,694	2,312,757
Contract liabilities		1,316,658	564,334
Borrowings	20	8,290,304	6,291,235
Lease liabilities	21	2,383,296	1,742,850
Current tax liabilities	8	1,051,065	886,105
Provisions	22	1,993,586	2,202,475
Contingent consideration	23	697,682	637,256
Other financial liabilities	24	60,473	10,992
Total current liabilities		18,821,758	14,648,004
Non-current liabilities			
Borrowings	20	11,477,861	12,720,608
Lease liabilities	21	8,663,693	5,351,024
Deferred tax liabilities	8	794,503	307,394
Provisions	22	227,632	237,313
Contingent consideration	23	1,471,269	808,544
Other financial liabilities	24	969,609	689,914
Other liabilities	25	32,083	46,244
Total non-current liabilities		23,636,650	20,161,041
Total liabilities		42,458,408	34,809,045
Net assets		25,156,146	22,923,398

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

	Note	Consolidated 2021 $	Consolidated 2020 $
Equity			
Issued capital	26	13,469,960	14,081,465
Reserve	27	(418)	1,514
Retained profits		4,479,057	1,812,094
Equity attributable to the owners of Kelly Partners Group Holdings Limited		17,948,599	15,895,073
Non-controlling interest		7,207,547	7,028,325
Total equity		25,156,146	22,923,398

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

Consolidated	Issued capital $	Reserve $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2019	14,169,601	808	245,223	8,770,487	23,186,119
Profit after income tax expense for the year	-	-	4,014,509	6,344,797	10,359,306
Other comprehensive income for the year, net of tax	-	706	-	734	1,440
Total comprehensive income for the year	-	706	4,014,509	6,345,531	10,360,746
Transactions with owners in their capacity as owners:					
Share buy-back (note 26)	(88,136)	-	-	-	(88,136)
Amounts recognised as dividends (note 28)	-	-	(2,447,638)	-	(2,447,638)
Distributions to non-controlling interests	-	-	-	(8,087,693)	(8,087,693)
Balance at 30 June 2020	14,081,465	1,514	1,812,094	7,028,325	22,923,398

Consolidated	Issued capital $	Reserve $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2020	14,081,465	1,514	1,812,094	7,028,325	22,923,398
Profit after income tax expense for the year	-	-	4,622,337	6,318,214	10,940,551
Other comprehensive income for the year, net of tax	-	(1,932)	-	(1,856)	(3,788)
Total comprehensive income for the year	-	(1,932)	4,622,337	6,316,358	10,936,763
Transactions with owners in their capacity as owners:					
Share buy-back (note 26)	(611,505)	-	-	-	(611,505)
Equity attributable to acquisitions	-	-	-	279,535	279,535
Sale of equity interests	-	-	138,498	-	138,498
Amounts recognised as dividends (note 28)	-	-	(2,093,872)	-	(2,093,872)
Distributions to non-controlling interests	-	-	-	(6,416,671)	(6,416,671)
Balance at 30 June 2021	13,469,960	(418)	4,479,057	7,207,547	25,156,146

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

	Note	Consolidated 2021 $	Consolidated 2020 $
Cash flows from operating activities			
Receipts from customers		53,359,426	51,901,820
Payments to suppliers and employees		(36,939,488)	(35,946,225)
Government grants received		1,125,254	776,024
Other income		106,515	-
Finance costs paid		(843,579)	(822,514)
Income taxes paid		(1,725,327)	(1,264,883)
Net cash from operating activities	38	15,082,801	14,644,222
Cash flows from investing activities			
Payment for purchase of business		(2,310,632)	(2,531,000)
Payment for contingent consideration	23	(507,275)	-
Payments for investments		(41,605)	-
Payments for property, plant and equipment		(2,322,365)	(1,944,240)
Payments to employee share scheme trust		(110,989)	-
Payments for intangibles		(1,391)	(236,438)
Loans to partners - loans advanced		(681,504)	(305,009)
Loans to partners - proceeds from repayments		1,252,212	2,153,985
Proceeds from fitout contribution		233,333	-
Proceeds from disposal of property, plant and equipment		-	20,000
Proceeds from release of deposits		37,636	190,888
Net cash used in investing activities		(4,452,580)	(2,651,814)
Cash flows from financing activities			
Proceeds from borrowings	38	6,538,544	6,037,413
Repayment of borrowings	38	(6,426,892)	(5,761,572)
Payments for share buy-back	26	(611,505)	(88,136)
Dividends paid		(1,945,372)	(2,398,743)
Distributions paid to non-controlling interests		(6,416,671)	(8,087,693)
Repayment of lease liabilities	38	(2,228,943)	(2,158,946)
Proceeds from sub lease		92,956	180,913
Net cash used in financing activities		(10,997,883)	(12,276,764)
Net decrease in cash and cash equivalents		(367,662)	(284,356)
Cash and cash equivalents at the beginning of the financial year		1,144,324	1,428,680
Cash and cash equivalents at the end of the financial year	11	776,662	1,144,324

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

Note 1. General information

The financial statements cover Kelly Partners Group Holdings Limited (the 'Company' or 'parent entity') and its controlled entities as a consolidated entity consisting of Kelly Partners Group Holdings Limited and the entities (the 'Group') it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Kelly Partners Group Holdings Limited and its controlled entities functional and presentation currency.

Kelly Partners Group Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 8, 32 Walker Street
North Sydney
NSW 2060

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9 August 2021. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

The following Accounting Standards, amendments and Interpretations adopted during the year are most relevant to the Group:

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

Basis of preparation

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

Historical cost convention
The financial statements have been prepared under the historical cost convention except for certain financial assets and financial liabilities at fair value.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 35.

Note 2. Significant accounting policies (continued)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kelly Partners Group Holdings Limited as at 30 June 2021 and the results of all subsidiaries for the year then ended.

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

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

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

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

Foreign currency translation

Foreign currency transactions
Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 2. Significant accounting policies (continued)

Revenue recognition
The Group recognises revenue as follows:

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

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

Provision of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Commissions and other income
Commissions and other income is recognised when it is received or when the right to receive the payment is established.

Government grants
Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period's tax payable to generate a refundable tax offset.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Note 2. Significant accounting policies (continued)

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

Kelly Partners Group Holdings Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Discontinued operations
A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

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

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

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

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

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

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

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

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

Note 2. Significant accounting policies (continued)

Accrued income
An accrued income asset arises where the Group has performed by transferring goods or services to a customer prior to the receipt of consideration from the customer or prior to payment becoming due and represents the Group's right to consideration for the transferred good or service.

When a customer pays in advance, the amount received by the Group is recognised as a contract liability until the service has been provided to the customer.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

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

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

Land and buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years
Motor vehicles	8 years

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

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

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

Note 2. Significant accounting policies (continued)

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

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

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

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

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

Brand names and intellectual property
Brand names and intellectual property have indefinite useful lives and are not amortised.

Customer relationships
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 to 7 years.

Software - Computer software
Significant costs associated with computer software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 1 to 3 years.

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

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

Note 2. Significant accounting policies (continued)

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

Contract liabilities
Contract liabilities represent the Group's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the services to the customer.

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

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans and borrowings are classified as non-current.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Variable lease payments include rent concessions in the form of rent forgiveness or a waiver as a direct consequence of COVID-19 and which relate to payments originally due on or before 30 June 2022.

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

Group as a lessor
When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Leases in which the Group transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as a finance lease, where the asset is recognised on the statement of financial position and presented as a lease receivable at an amount equal to the net investment in the lease. The interest rate implicit in the lease is used to measure the net investment in the lease. Initial direct costs are included in the initial measurement of the net investment in the lease.

Finance costs
All finance costs are expensed in the period in which they are incurred.

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

Note 2. Significant accounting policies (continued)

Employee benefits

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

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

Equity-settled compensation
Equity-settled compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

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

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

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

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

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

Issued capital
Ordinary shares are classified as equity.

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

Note 2. Significant accounting policies (continued)

Share buy-back
Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Kelly Partners Group Holdings Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Kelly Partners Group Holdings Limited.

Dividends
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at the reporting date.

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

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

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

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

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

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

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

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Kelly Partners Group Holdings Limited, 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 2. Significant accounting policies (continued)

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

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

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

Note 3. Critical accounting judgements, estimates and assumptions

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

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

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on shared credit risk characteristics and on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include past default experience of the debtor profile and an assessment of the historical loss rates.

Accrued income
An accrued income asset arises where the Group has performed by transferring goods or services to a customer prior to the receipt of consideration from the customer and represents the Group's right to consideration for the transferred good or service. While assessing the accrued income balance, a degree of estimation needs to be applied on its recoverability and the assessment is primarily based on the Operating Business Owner's professional judgement on the proportionate completion of the performance obligations in comparison to the transaction price stated in the contract .

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

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

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

Business combinations
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Operating segments

The Group is organised into two reportable segments: (1) Accounting and (2) Other services.

The principal products and services of each of these operating segments are as follows:

Accounting	Accounting and taxation services, corporate secretarial, outsourced CFO, audits, business structuring, bookkeeping, and all other accounting related services.
Other services	Financial broking services, wealth management, investment office and all other non-accounting services.

The operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Note 4. Operating segments (continued)

Operating reportable segment information

	Accounting $	Other services $	Total $
Year ended 30 June 2021:			
Revenue	45,874,517	3,031,929	48,906,446
EBITDA	17,928,432	959,002	18,887,434
Profit before income tax expense	11,986,462	922,677	12,909,139
Segment assets, liabilities and net assets at 30 June 2021:			
Current assets	11,177,990	2,533,179	13,711,169
Non-current assets	53,284,032	619,353	53,903,385
Current liabilities	(17,243,216)	(1,578,542)	(18,821,758)
Non-current liabilities	(21,995,145)	(1,641,505)	(23,636,650)
Net assets	25,223,661	(67,515)	25,156,146

	Accounting $	Other services $	Total $
Year ended 30 June 2020:			
Revenue	43,396,473	2,099,111	45,495,584
EBITDA	15,801,060	1,048,367	16,849,427
Profit before income tax expense	10,549,304	1,023,684	11,572,988
Segment assets, liabilities and net assets at 30 June 2020:			
Current assets	12,076,862	773,377	12,850,239
Non-current assets	44,837,660	44,544	44,882,204
Current liabilities	(14,304,010)	(343,994)	(14,648,004)
Non-current liabilities	(20,137,154)	(23,887)	(20,161,041)
Net assets	22,473,358	450,040	22,923,398

Note 5. Professional services revenue

	Consolidated 2021 $	2020 $
Professional services revenue	48,906,446	45,495,584

Timing of revenue recognition
The revenue from provision of services from contracts with customers is recognised over time.

Refer to note 4 for revenue by operating segments.

Note 6. Other income

	Consolidated 2021 $	Consolidated 2020 $
Government grants in relation to COVID-19	825,368	1,075,910
Remeasurement of lease liabilities	123,395	557,012
Change in fair value of contingent consideration	447,508	-
Proceeds from settlement of legal dispute	300,000	-
Commissions	59,708	109,238
Other income	46,693	52,180
Other income	1,802,672	1,794,340

Government grants
Of the $825,368 (2020: $1,075,910) recognised in government grants relating to the Australian Governments' supporting measures in response to COVID-19, $825,368 (2020: $776,024) has been received in cash and $nil (2020: $299,886) has been accrued relating to FY21 (2020: FY20) amounts expected to be received in FY22 (2020: FY21).

Note 7. Expenses

	Consolidated 2021 $	Consolidated 2020 $
Profit before income tax from continuing operations includes the following specific expenses:		
Depreciation and amortisation		
Depreciation right-of-use of assets	2,174,598	2,102,657
Depreciation property, plant and equipment	1,178,108	714,030
Amortisation	1,074,750	924,213
	4,427,456	3,740,900
Finance costs		
Interest and finance charges paid/payable on lease liabilities	505,023	554,565
Interest on bank overdrafts and loans	843,579	822,514
Interest on unwinding retention	202,237	158,460
	1,550,839	1,535,539
Net loss on disposal		
Net loss on disposal of property, plant and equipment	49,450	20,488
Leases (included in rent and utilities expense)		
Short-term lease payments	-	55,026
Employment and related expenses		
Salaries, wages and contractors	20,494,875	19,325,876
Superannuation*	1,351,327	1,380,982
Other on costs	677,683	870,806
Employee leave	135,426	(269,381)
Total employment and related expenses	22,659,311	21,308,283

* Superannuation as a percentage of salaries, wages and contractors may vary from year to year due to changes in salary sacrifice arrangements as well as changes to contractor engagements.

Note 8. Income tax

	Consolidated 2021 $	Consolidated 2020 $
Income tax expense		
Current tax	1,891,749	1,596,483
Origination and reversal of temporary differences	(99,906)	(57,578)
Adjustment recognised for prior periods	127,794	(65,238)
Change in tax rate to 30%	43,273	-
Aggregate income tax expense	1,962,910	1,473,667
Income tax expense is attributable to:		
Profit from continuing operations	1,963,663	1,430,335
(Loss)/profit from discontinued operations	(753)	43,332
Aggregate income tax expense	1,962,910	1,473,667
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense from continuing operations	12,909,139	11,572,988
(Loss)/profit before income tax (expense)/benefit from discontinued operations	(5,678)	259,985
	12,903,461	11,832,973
Tax at the statutory tax rate of 26% (2020: 27.5%)	3,354,900	3,254,068
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-taxable items	8,414	(226,345)
	3,363,314	3,027,723
Adjustment recognised for prior periods	127,794	(65,238)
Distributions to non-controlling interests	(1,571,471)	(1,488,818)
Change in tax rate to 30%	43,273	-
Income tax expense	1,962,910	1,473,667

As the majority of operating businesses are structured as partnerships, the income tax expense attributable to the non-controlling interests in these partnerships are not included in the consolidated accounts. This is with the exception of subsidiaries that are in a corporate structure where the consolidated income tax expense is included in the profit attributable to non-controlling interests in these subsidiaries. The remaining balance of the consolidated income tax expense is included in the profit attributable to the shareholders in the parent entity.

Note 8. Income tax (continued)

	Consolidated 2021 $	Consolidated 2020 $
Net deferred tax liability		
Amounts recognised in profit or loss:		
Accrued expenses	(532,492)	(425,655)
Income assessable on receipt	334,405	297,771
Differences between accounting and tax depreciation	382,243	242,097
Customer relationship intangibles	954,858	594,596
Expenses deductible over five years	(78,244)	(212,015)
Leases	(266,267)	(189,400)
Deferred tax liability	794,503	307,394
Movements:		
Opening balance	307,394	412,468
Credited to profit or loss	(99,906)	(57,578)
Additions through business combinations (note 36)	413,733	223,643
Other movements	173,282	(271,139)
Closing balance	794,503	307,394

	Consolidated 2021 $	Consolidated 2020 $
Provision for income tax		
Provision for income tax	1,051,065	886,105

Note 9. Discontinued operations

Description
In August 2020, Kelly Partners Corporate Advisory ceased operating with the exit of its operating business partner. The business' cashflows and operations can clearly be distinguished operationally and financially from the rest of the Group and hence is disclosed as a discontinued operation.

Financial performance information

	Consolidated 2021 $	Consolidated 2020 $
Professional services revenue	-	858,882
Employment and related expenses	-	(453,931)
Other expenses	(5,678)	(144,966)
Total expenses	(5,678)	(598,897)
(Loss)/profit before income tax (expense)/benefit	(5,678)	259,985
Income tax (expense)/benefit	753	(43,332)
(Loss)/profit after income tax (expense)/benefit from discontinued operations	(4,925)	216,653

Note 9. Discontinued operations (continued)

Cash flow information

	Consolidated 2021 $	Consolidated 2020 $
Net cash (used in)/from operating activities	(11,028)	341,747
Net cash from investing activities	21,500	30,046
Net cash used in financing activities	(3,695)	(434,081)
Net increase/(decrease) in cash and cash equivalents from discontinued operations	6,777	(62,288)

Note 10. Earnings per share

	Consolidated 2021 $	Consolidated 2020 $
Earnings per share for profit from continuing operations		
Profit after income tax	10,945,476	10,142,653
Non-controlling interest	(6,318,214)	(6,344,797)
Profit after income tax attributable to the owners of Kelly Partners Group Holdings Limited	4,627,262	3,797,856
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	45,142,289	45,418,414
Weighted average number of ordinary shares used in calculating diluted earnings per share	45,142,289	45,418,414
	Cents	**Cents**
Basic earnings per share	10.25	8.36
Diluted earnings per share	10.25	8.36

	Consolidated 2021 $	Consolidated 2020 $
Earnings per share for profit/(loss) from discontinued operations		
(Loss)/profit after income tax	(4,925)	216,653
Non-controlling interest	-	(151,393)
(Loss)/profit after income tax attributable to the owners of Kelly Partners Group Holdings Limited	(4,925)	65,260
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	45,142,289	45,418,414
Weighted average number of ordinary shares used in calculating diluted earnings per share	45,142,289	45,418,414
	Cents	**Cents**
Basic earnings per share	(0.01)	0.14
Diluted earnings per share	(0.01)	0.14

Note 10. Earnings per share (continued)

	Consolidated 2021 $	Consolidated 2020 $
Earnings per share for profit		
Profit after income tax	10,940,551	10,359,306
Non-controlling interest	(6,318,214)	(6,344,797)
Profit after income tax attributable to the owners of Kelly Partners Group Holdings Limited	4,622,337	4,014,509
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	45,142,289	45,418,414
Weighted average number of ordinary shares used in calculating diluted earnings per share	45,142,289	45,418,414
	Cents	**Cents**
Basic earnings per share	10.24	8.84
Diluted earnings per share	10.24	8.84

Note 11. Cash and cash equivalents

	Consolidated 2021 $	Consolidated 2020 $
Cash at bank and in hand	4,039,976	3,779,132

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2021 $	2020 $
Balances as above	4,039,976	3,779,132
Bank overdrafts (note 20)	(3,263,314)	(2,634,808)
Balance as per statement of cash flows	776,662	1,144,324

Note 12. Trade and other receivables

	Consolidated 2021 $	Consolidated 2020 $
Current assets		
Trade receivables	6,420,216	5,738,538
Less: Allowance for expected credit losses	(215,557)	(253,954)
	6,204,659	5,484,584
Other receivables	-	298,188
	6,204,659	5,782,772

Allowance for expected credit losses
The Group has written off a loss of $140,323 (2020: $60,059) in respect of credit losses during the year ended 30 June 2021.

Note 12. Trade and other receivables (continued)

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

Consolidated	Expected credit loss rate 2021 %	Expected credit loss rate 2020 %	Carrying amount 2021 $	Carrying amount 2020 $	Allowance for expected credit losses 2021 $	Allowance for expected credit losses 2020 $
0 to 3 months overdue	0.88%	0.88%	5,522,598	4,939,036	48,432	43,398
3 to 6 months overdue	5.77%	6.17%	533,218	362,767	30,791	22,376
Over 6 months overdue	37.41%	43.09%	364,400	436,735	136,334	188,180
			6,420,216	5,738,538	215,557	253,954

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available. As at 30 June 2021 the historic roll rates, including those roll rates through the COVID-19 pandemic period, do not indicate a slow down in collections. Furthermore management are not aware of forward looking information which indicates or identifies a slow down in collection rates in its 30 June 2021 trade receivables balance and as such, the calculation of expected credit loss is based on the historic roll rates without further adjustments.

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2021 $	Consolidated 2020 $
Opening balance	253,954	339,956
Additional provisions recognised	101,926	-
Reductions in provisions recognised	-	(25,943)
Receivables written off during the year as uncollectable	(140,323)	(60,059)
Closing balance	215,557	253,954

Note 13. Lease receivables

	Consolidated 2021 $	Consolidated 2020 $
Current assets		
Lease receivables	51,325	92,956
Non-current assets		
Lease receivables	128,973	180,298
	180,298	273,254

Note 14. Other financial assets

	Consolidated 2021 $	Consolidated 2020 $
Current assets		
Loans to partners	738,200	903,610
Non-current assets		
Loans to partners	2,927,454	2,865,078
	3,665,654	3,768,688

Loans to partners primarily represents amounts of money which have first been borrowed on the balance sheet of various controlled entities, and then secondly on lent to partners to assist them with their purchase of equity into that entity. This results in the controlled entity having both a financial liability to the financier, and a corresponding financial asset to the partner. These loans are typically repaid over a four to eight year period. As the loans are repaid by the partners and the financial asset amortises, there is a corresponding amortisation in the financial liability. Repayment of these loans is typically from partner equity distributions.

Note 15. Property, plant and equipment

	Consolidated 2021 $	Consolidated 2020 $
Non-current assets		
Land and buildings - at cost	2,085,413	2,085,413
Less: Accumulated depreciation	(46,860)	-
	2,038,553	2,085,413
Leasehold improvements - at cost	4,457,611	3,172,594
Less: Accumulated depreciation	(1,780,741)	(1,274,334)
	2,676,870	1,898,260
Plant and equipment - at cost	2,621,146	2,133,789
Less: Accumulated depreciation	(1,403,303)	(1,326,961)
	1,217,843	806,828
Motor vehicles - at cost	648,011	624,503
Less: Accumulated depreciation	(248,968)	(226,952)
	399,043	397,551
	6,332,309	5,188,052

Note 15. Property, plant and equipment (continued)

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

Consolidated	Land and buildings $	Leasehold improve-ments $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2019	625,825	2,167,170	804,913	359,934	3,957,842
Additions	1,459,588	98,974	333,523	141,546	2,033,631
Disposals - written down value	-	(11,554)	(43,852)	(37,345)	(92,751)
Other movements	-	(1,000)	702	3,658	3,360
Depreciation expense	-	(355,330)	(288,458)	(70,242)	(714,030)
Balance at 30 June 2020	2,085,413	1,898,260	806,828	397,551	5,188,052
Additions	-	1,375,526	892,412	100,001	2,367,939
Disposals - written down value	-	(5,360)	(19,774)	(19,981)	(45,115)
Other movements	-	-	(459)	-	(459)
Depreciation expense	(46,860)	(591,556)	(461,164)	(78,528)	(1,178,108)
Balance at 30 June 2021	2,038,553	2,676,870	1,217,843	399,043	6,332,309

Note 16. Right-of-use assets

	Consolidated 2021 $	Consolidated 2020 $
Non-current assets		
Land and buildings - right-of-use assets	14,379,975	13,432,769
Less: Accumulated depreciation	(4,994,496)	(7,597,420)
	9,385,479	5,835,349
Plant and equipment - right-of-use	252,355	174,247
Less: Accumulated depreciation	(152,164)	(114,146)
	100,191	60,101
	9,485,670	5,895,450

The Group leases land and buildings for its offices under agreements of between 2 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases office equipment under agreements of between 2 to 5 years.

For other AASB 16 and lease related disclosures refer to the following:
- Refer to note 7 for details of depreciation on right-of-use assets, interest on lease liabilities and other lease payments;
- Refer to note 21 for lease liabilities and maturities of lease liabilities;
- Refer to consolidated statement of cash flow for repayment of lease liabilities.

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Note 16. Right-of-use assets (continued)

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

Consolidated	Land and buildings $	Plant and equipment $	Total $
Balance at 1 July 2019	-	-	-
Recognised on adoption of AASB 16	9,325,329	88,332	9,413,661
Additions through business combinations (note 36)	587,611	8,623	596,234
Disposals	(114,884)	-	(114,884)
Adjustments as a result of a different treatment of extension and termination options	(1,896,904)	-	(1,896,904)
Depreciation	(2,065,803)	(36,854)	(2,102,657)
Balance at 30 June 2020	5,835,349	60,101	5,895,450
Additions through business combinations (note 36)	367,935	69,049	436,984
Additions	6,066,537	-	6,066,537
Impairment of assets	(189,802)	(69,049)	(258,851)
Adjustments as a result of a different treatment of extension and termination options	(557,958)	78,106	(479,852)
Depreciation expense	(2,136,582)	(38,016)	(2,174,598)
Balance at 30 June 2021	9,385,479	100,191	9,485,670

Note 17. Intangible assets

	Consolidated 2021 $	Consolidated 2020 $
Non-current assets		
Goodwill - at cost	25,264,891	22,438,348
Brand names and intellectual property - at cost	3,300,000	3,300,000
Customer relationships - at cost	11,780,770	9,359,097
Less: Accumulated amortisation	(5,949,854)	(4,916,586)
	5,830,916	4,442,511
Computer software - at cost	223,376	221,986
Less: Accumulated amortisation	(144,755)	(103,273)
	78,621	118,713
	34,474,428	30,299,572

Note 17. Intangible assets (continued)

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

Consolidated	Goodwill $	Brand names and intellectual property $	Customer relationships $	Computer Software $	Total $
Balance at 1 July 2019	20,211,955	3,300,000	3,552,141	163,801	27,227,897
Additions	-	-	344,198	21,144	365,342
Additions through business combinations (note 36)	2,226,393	-	1,409,086	-	3,635,479
Disposals	-	-	-	(4,933)	(4,933)
Amortisation expense	-	-	(862,914)	(61,299)	(924,213)
Balance at 30 June 2020	22,438,348	3,300,000	4,442,511	118,713	30,299,572
Additions	-	-	127,000	1,390	128,390
Additions through business combinations (note 36)	2,826,543	-	2,294,673	-	5,121,216
Amortisation expense	-	-	(1,033,268)	(41,482)	(1,074,750)
Balance at 30 June 2021	25,264,891	3,300,000	5,830,916	78,621	34,474,428

Brand names and intellectual property have indefinite useful lives and are not amortised.

Impairment testing
In disclosing the carrying amount of goodwill allocated to each cash-generating units ('CGU'), a materially threshold of 10% of the total value of goodwill was used. Any individual CGU with a carrying amount of goodwill under the threshold is grouped in the 'Other partnerships' category. The aggregate carrying amount of goodwill allocated to each CGU is:

2021 - Consolidated	Goodwill $	Brand names and intellectual property $	Total $
Kelly Partners (Sydney) Pty Ltd	3,538,147	462,139	4,000,286
Kelly Partners South West Sydney Partnership	5,246,636	685,295	5,931,931
Kelly Partners Wollongong Partnership	3,391,692	443,009	3,834,701
Other partnerships	13,088,416	1,709,557	14,797,973
	25,264,891	3,300,000	28,564,891

2020 - Consolidated	Goodwill $	Brand names and intellectual property $	Total $
Kelly Partners (Sydney) Pty Ltd	3,538,147	520,354	4,058,501
Kelly Partners South West Sydney Partnership	5,246,636	771,621	6,018,257
Kelly Partners Wollongong Partnership	3,391,692	498,815	3,890,507
Other partnerships	10,261,873	1,509,210	11,771,083
	22,438,348	3,300,000	25,738,348

Note 17. Intangible assets (continued)

The recoverable amount of each CGU above is determined based on value in use calculations. These calculations use cashflow projections over a five year period, based on financial budgets approved by management. These budgets use historical growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated inflation rates over the period which are consistent with inflation rates applicable to the locations in which the CGU operates. With regard to the assessment of the CGU's, management believes that no reasonable possible change in any of the key assumptions used would cause the carrying value of the unit to materially exceed its recoverable amount.

The following assumptions were used in the calculations:

	Consolidated	
	2021 %	2020 %
Terminal growth rate	2.5%	2.5%
Post-tax discount rate	8.6%	11.3%

The post-tax discount rate is calculated using the Weighted Average Cost of Capital (WACC) of the Group, taking into account the Group's sources of capital including listed equity, unlisted equity and bank debt.

Note 18. Other assets

	Consolidated	
	2021 $	2020 $
Current assets		
Prepayments	723,583	635,113
Non-current assets		
Deposits	501,309	442,117
Other	53,242	11,637
	554,551	453,754
	1,278,134	1,088,867

Deposits primarily comprise of amounts used as security for bank guarantees. Refer to note 32 for further information on guarantees.

Note 19. Trade and other payables

	Consolidated	
	2021 $	2020 $
Current liabilities		
Trade payables	853,898	479,951
GST payable	932,975	914,711
Sundry payables and accrued expenses	1,241,821	918,095
	3,028,694	2,312,757

Refer to note 29 for further information on financial instruments.

Note 20. Borrowings

	Consolidated 2021 $	Consolidated 2020 $
Current liabilities		
Bank overdrafts	3,263,314	2,634,808
Bank loans	5,026,990	3,656,427
	8,290,304	6,291,235
Non-current liabilities		
Bank loans	11,477,861	12,720,608
	19,768,165	19,011,843

Refer to note 29 for further information on financial instruments.

Controlled entities' facilities
The Group has banking facilities in place with Westpac for all of its operating businesses. The facilities consist of overdraft facilities, term loans, bank guarantees and other ancillary facilities.

In June 2020, the Group's financier approved working capital facility increases in aggregate of $4,179,000 across the operating businesses. The Group requested the facility increases out of an abundance of caution to provide additional lines of liquidity in response to the COVID-19 related slow down to the economy. The additional facilities are in place for 12 months. As part of the approved facilities there were no changes to the Group's financial covenants or existing amortisation arrangements which continue to be met. The Group considers the additional working capital lines to be both precautionary and prudent. The Group has not taken up any of the banks, COVID-19 Customer Support packages or deferral of interest payments. As at 30 June 2021, the additional working capital lines have expired and have not been extended as they were not utilised.

In the year ended 30 June 2019, the Group commenced restructuring its debt facilities with Westpac. As at 30 June 2021, all subsidiaries had entered into the new facility structure. The facilities provide the Group with consistent terms and conditions, consistent reporting and undertaking requirements, consistent risk margins and a consistent security structure across its subsidiaries. Each subsidiary's debt facilities is granted security by that entity, the corporate partners of that entity, limited personal guarantees of the operating business owners, and a guarantee provided by the parent over all existing and future assets and undertakings.

Subsidiaries also have bilateral arrangements in place with Westpac and other financiers for other facilities including credit cards, equipment finance, and bank guarantees. These facilities and their securities are permitted under the Westpac arrangements.

Parent entity facilities
As at 30 June 2021, the parent has a $2,000,000 revolving line of term credit, as well as a $250,878 term amortising loan. The debt facilities are granted security over the parent entity, as well as the guarantor group which comprises Kelly Partners Group Holdings Limited and the majority of its wholly owned subsidiaries. The guarantor group does not include the local owner-driven operating partnerships.

The parent entity also has bilateral arrangements in place with Westpac and other financiers for ancillary facilities including credit cards, equipment finance, and bank guarantees. These facilities and their securities are permitted under the Westpac arrangements.

Covenants
The Group's financier has financial covenants in place, which may act to limit the total indebtedness of the Group under certain circumstances, such as if there were a significant drop in earnings. As at balance date, the Group is in compliance with its financial covenants.

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Note 20. Borrowings (continued)

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2021 $	Consolidated 2020 $
Total facilities		
Bank overdraft	7,544,000	10,559,000
Bank loans	18,395,150	17,198,702
	25,939,150	27,757,702
Used at the reporting date		
Bank overdraft	3,263,314	2,634,808
Bank loans	16,504,851	16,377,035
	19,768,165	19,011,843
Unused at the reporting date		
Bank overdraft	4,280,686	7,924,192
Bank loans	1,890,299	821,667
	6,170,985	8,745,859

Note 21. Lease liabilities

	Consolidated 2021 $	Consolidated 2020 $
Current liabilities		
Lease liabilities	2,383,296	1,742,850
Non-current liabilities		
Lease liabilities	8,663,693	5,351,024
	11,046,989	7,093,874

Refer to note 29 for further information on financial instruments.

Contractual maturities of lease liabilities at 30 June 2021 and 30 June 2020 is set below:

	Carrying amount $	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Consolidated - 2021						
Lease liabilities	11,046,989	2,383,295	2,077,487	3,438,285	3,147,922	11,046,989
Consolidated - 2020						
Lease liabilities	7,093,874	1,742,850	1,301,710	2,924,862	1,124,452	7,093,874

Note 22. Provisions

	Consolidated 2021 $	Consolidated 2020 $
Current liabilities		
Employee entitlements	1,845,086	1,453,135
Dividends	148,500	549,340
Lease make good	-	200,000
	1,993,586	2,202,475
Non-current liabilities		
Employee entitlements	227,632	237,313
	2,221,218	2,439,788

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2021	Lease make good $	Dividends $
Carrying amount at the start of the year	200,000	549,340
Paid during the year	(225,000)	(549,340)
Recognised during the year	25,000	148,500
Carrying amount at the end of the year	-	148,500

Note 23. Contingent consideration

	Consolidated 2021 $	Consolidated 2020 $
Current liabilities		
Contingent consideration	697,682	637,256
Non-current liabilities		
Contingent consideration	1,471,269	808,544
	2,168,951	1,445,800

Contingent consideration relates to the fair value of the contingent component of the purchase price of the acquisitions completed in the current and prior period(s).

Contingent consideration is classified as Level 3 in the fair value hierarchy and has been estimated using a present value approach. The contingent consideration fair value is estimated by discounting the future cash outflows by the post-tax discount rate disclosed in note 17. The post discount rate is calculated using the weighted average cost of capital ('WACC') of the Group.

A reconciliation of the movement in contingent consideration for the financial year is set out below:

Note 23. Contingent consideration (continued)

	Consolidated 2021 $	Consolidated 2020 $
Opening balance	1,445,800	544,719
Additions	127,000	-
Additions through business combination (note 38)	1,348,697	742,621
Change in fair value of contingent consideration	(447,508)	-
Settled in cash	(507,275)	-
Fair value movement - unwinding of interest	202,237	158,460
	2,168,951	1,445,800

Note 24. Other financial liabilities

	Consolidated 2021 $	Consolidated 2020 $
Current liabilities		
Loans from partners	60,473	10,992
Non-current liabilities		
Loans from partners	969,609	689,914
	1,030,082	700,906

Refer to note 14 for details on loans to and from partners.

Note 25. Other liabilities

	Consolidated 2021 $	Consolidated 2020 $
Non-current liabilities		
Deposits held	32,083	46,244

Note 26. Issued capital

	Consolidated 2021 Shares	Consolidated 2020 Shares	Consolidated 2021 $	Consolidated 2020 $
Ordinary shares - fully paid	45,000,000	45,400,000	13,469,960	14,081,465

Note 26. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2019	45,495,000		14,169,601
Share buy-back	01 July 2019	(4,353)	$0.83	(3,613)
Share buy-back	20 August 2019	(40,647)	$0.90	(36,582)
Share buy-back	27 August 2019	(1,000)	$0.93	(930)
Share buy-back	28 August 2019	(1,000)	$0.88	(879)
Share buy-back	29 August 2019	(1,000)	$0.88	(880)
Share buy-back	30 August 2019	(14,191)	$0.93	(13,158)
Share buy-back	21 October 2019	(25,745)	$0.97	(24,960)
Share buy-back	22 October 2019	(7,064)	$1.01	(7,134)
Balance	30 June 2020	45,400,000		14,081,465
Share buy-back	25 August 2020	(9,882)	$1.17	(11,515)
Share buy-back	26 August 2020	(63,638)	$1.23	(78,230)
Share buy-back	27 August 2020	(26,480)	$1.25	(32,968)
Share buy-back	15 October 2020	(3,670)	$1.30	(4,771)
Share buy-back	16 October 2020	(6,330)	$1.36	(8,592)
Share buy-back	20 October 2020	(136,000)	$1.36	(184,996)
Share buy-back	26 October 2020	(2,497)	$1.46	(3,646)
Share buy-back	28 October 2020	(1,503)	$1.54	(2,307)
Share buy-back	29 October 2020	(47,615)	$1.55	(73,908)
Share buy-back	30 October 2020	(1)	$1.61	(2)
Share buy-back	7 December 2020	(2,384)	$1.68	(4,005)
Share buy-back	29 December 2020	(11,557)	$1.98	(22,883)
Share buy-back	30 December 2020	(32,339)	$2.05	(66,252)
Share buy-back	31 December 2020	(510)	$2.08	(1,061)
Share buy-back	30 March 2021	(5,594)	$2.10	(11,624)
Share buy-back	7 April 2021	(50,000)	$2.10	(104,745)
Balance	30 June 2021	45,000,000		13,469,960

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

Share buy-back
On 9 September 2019, the Company announced a new share buy-back of up to 10% of the minimum number of Company's shares outstanding in the last 12 months (being a buy-back of up to 4,543,280 shares at 9 September 2019) less shares bought back in the buy-back closed on 2 September 2019 (being 64,372 shares), therefore a total of 4,478,908 shares. During the financial year ended 30 June 2020, the Company purchased and cancelled 32,809 shares. At 30 June 2020, 4,446,099 shares are authorised for on-market buy-back.

On 23 September 2020, the Company announced the continuation of its share buy-back program of up to 10% of the minimum number of Company's shares outstanding in the last 12 months (being a buy-back of up to 4,530,000 shares at 23 September 2020). During the financial year ended 30 June 2021, the Company bought back 400,000 shares. At 30 June 2021, 4,230,000 shares are authorised for on-market buy-back.

Note 26. Issued capital (continued)

Capital risk management
Management controls the capital of the Group in order to maintain acceptable debt to equity and debt to EBITDA ratios, provide the shareholders and partners with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's capital includes ordinary share capital and financial liabilities.

There are no externally imposed capital requirements other than the financial covenants outlined in note 20.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of debt levels, distributions to shareholders and partners and share issues.

There have been no changes to the strategy adopted by management to manage the capital of the Group since the prior year.

Note 27. Reserve

	Consolidated 2021 $	Consolidated 2020 $
Foreign currency reserve	(418)	1,514

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

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

Consolidated	Foreign currency $
Balance at 1 July 2019	808
Foreign currency translation	1,440
Less: share of non-controlling interest	(734)
Balance at 30 June 2020	1,514
Foreign currency translation	(3,788)
Less: share of non-controlling interest	1,856
Balance at 30 June 2021	(418)

Note 28. Dividends

Amounts recognised as dividends:

	Consolidated 2021 $	Consolidated 2020 $
During the year ended 30 June 2021:		
First interim dividend of $0.0133 per ordinary share, paid on 1 October 2020	602,490	-
Second interim dividend of $0.0133 per ordinary share, paid on 4 January 2021	599,831	-
Third interim dividend of $0.0033 per ordinary share, paid on 29 January 2021	148,683	-
Fourth interim dividend of $0.0033 per ordinary share, paid on 26 February 2021	148,684	-
Fifth interim dividend of $0.0033 per ordinary share, paid on 31 March 2021	148,684	-
Sixth interim dividend of $0.0033 per ordinary share, paid on 30 April 2021	148,500	-
Seventh interim dividend of $0.0033 per ordinary share, paid on 31 May 2021	148,500	-
Eighth interim dividend of $0.0033 per ordinary share, paid on 30 June 2021	148,500	-
	2,093,872	-
During the year ended 30 June 2020:		
Special dividend of $0.0055 per ordinary share, paid on 18 September 2019	-	249,881
First interim dividend of $0.0121 per ordinary share, paid on 30 September 2019	-	549,737
Second interim dividend of $0.0121 per ordinary share, paid on 2 January 2020	-	549,340
Third interim dividend of $0.0121 per ordinary share, paid on 2 April 2020	-	549,340
Final dividend of $0.0121 per ordinary share, paid on 2 July 2020	-	549,340
	-	2,447,638
	2,093,872	2,447,638

Final dividend for the year ended 30 June 2021 will be declared and paid prior to November 2021 and will be at a minimum 0.68 cents per share. Total dividends for the year ended 30 June 2021 including the final dividend is expected to be 5.32 cents per share, representing a 10% increase on prior year ordinary dividends.

Franking credits

	Consolidated 2021 $	Consolidated 2020 $
Franking credits available for subsequent financial years	2,796,189	2,293,566

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

Note 29. Financial instruments

Financial risk management objectives
The Group is exposed to a variety of financial risks through its use of financial instruments: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Group does not use derivative financial instruments or speculate in financial assets.

Note 29. Financial instruments (continued)

Risk management is carried out by senior management under policies approved by the Board of Directors ('the Board'). The policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Management identifies and evaluates financial risks within the Group's businesses and reports to the Board on a regular basis.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries, and leases.

Market risk

Price risk
The Group is not exposed to any significant market risk in relation to the prices it charges for the provision of professional services.

Interest rate risk
The Group is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At the reporting date, the Group is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

The following table illustrates the sensitivity on the net result for the year and equity to a reasonably possible change in interest rates of +1% and -1% (2020: +1% and -1%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

		2021			2020	
Borrowings	**Weighted average interest rate %**	**+1% $**	**-1% $**	**Weighted average interest rate %**	**+1% $**	**-1% $**
Bank overdrafts	3.68%	(32,633)	32,633	4.16%	(26,348)	26,348
Bank loans	2.92%	(165,049)	165,049	4.27%	(163,770)	163,770

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available. As at 30 June 2021 the historic roll rates, including those roll rates through the COVID-19 pandemic period, do not indicate a slow down in collections. Furthermore management are not aware of forward looking information which indicates or identifies a slow down in collection rates in its 30 June 2021 trade receivables balance and as such, the calculation of expected credit loss is based on the historic roll rates without further adjustments.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan and no active enforcement activity.

Liquidity risk
Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

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Note 29. Financial instruments (continued)

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group maintains cash and available facilities to meet its liquidity requirements for up to a minimum 30-day period.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-by-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day periods are identified monthly.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The Group's financial liabilities have contractual maturities which are summarised below:

Consolidated - 2021	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	853,898	-	-	-	853,898
Other payables	-	2,174,796	-	-	-	2,174,796
Contingent consideration	-	697,682	1,471,269	-	-	2,168,951
Interest-bearing						
Bank overdrafts	3.68%	3,263,314	-	-	-	3,263,314
Bank loans*	2.92%	5,026,990	6,598,635	4,879,226	-	16,504,851
Lease liabilities	5.06%	2,383,295	2,077,487	3,438,285	3,147,922	11,046,989
Total non-derivatives		14,399,975	10,147,391	8,317,511	3,147,922	36,012,799

Lease liabilities of $2,383,295 includes $1,224,528 payable within 6 months.

* As at 30 June 2021, bank loans of $3,462,872 represents the current portion of long term debt which is being repaid under scheduled amortisation repayments, and is not expected to be refinanced or face refinance risk.

Consolidated - 2020	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	479,951	-	-	-	479,951
Other payables	-	1,832,806	-	-	-	1,832,806
Contingent consideration	-	637,256	789,532	19,012	-	1,445,800
Interest-bearing						
Bank overdrafts	4.16%	2,634,808	-	-	-	2,634,808
Bank loans*	4.27%	3,656,427	7,262,412	5,458,196	-	16,377,035
Lease liabilities	5.05%	1,742,850	1,301,710	2,924,862	1,124,452	7,093,874
Total non-derivatives		10,984,098	9,353,654	8,402,070	1,124,452	29,864,274

Lease liabilities of $1,742,850 includes $1,083,770 payable within 6 months.

* As at 30 June 2020, bank loans of $3,568,388 represents the current portion of long term debt which is being repaid under scheduled amortisation repayments, and is not expected to be refinanced or face refinance risk.

Note 29. Financial instruments (continued)

Fair value of financial instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying value less impairment provision of trade and other receivables and of trade and other payables is a reasonable approximation of their fair values due to the short-term nature of these balances.

Note 30. Key management personnel disclosures

Compensation

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

	Consolidated	
	2021	2020
	$	$
Short-term employee benefits	538,671	490,486
Post-employment benefits	29,270	26,208
Long-term benefits	4,873	4,873
	572,814	521,567

Other key management personnel transactions

For details of other transactions with key management personnel, refer to note 34.

Note 31. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Accountants & Advisors, the auditor of the Company, and unrelated firms:

	Consolidated	
	2021	2020
	$	$
Audit services - William Buck Accountants & Advisors		
Audit or review of the financial statements	71,150	53,800
Other services - William Buck Accountants & Advisors		
Other services	6,020	7,900
	77,170	61,700
Audit services - unrelated firms (Deloitte Touche Tohmatsu)		
Audit or review of the financial statements	-	60,587

Note 32. Contingent liabilities

Bank guarantees as at 30 June 2021 totalling $778,567 (2020: $806,339) have been provided in relation to the leases of various premises by the Group. These guarantees will only be payable in specific circumstances, such as failure to meet rental liabilities. In the opinion of the directors, no loss will result to the Group as a result of these guarantees.

Guarantees have been provided in relation to the banking facilities of the operating businesses by the parent entity. These guarantees will only be payable in specific circumstances, such as when the operating business is unable to meet its repayment obligations.

Contingent considerations in respect of acquisitions are carried on balance sheet and are not classified as contingent liabilities by the management.

Except as noted above, in the opinion of the directors, the Group did not have any contingencies at 30 June 2021 and 30 June 2020.

Note 33. Commitments

	Consolidated	
	2021	2020
	$	$
Short-term lease commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	8,845
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Leasehold improvements	229,818	-

Note 34. Related party transactions

Parent entity
Kelly Partners Group Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 37.

Key management personnel
Disclosures relating to key management personnel are set out in note 30 and the remuneration report included in the directors' report.

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

Note 34. Related party transactions (continued)

Loans (to)/from related parties

Key management personnel
On 18 March 2020, the Board of Directors resolved and approved the advancing of a short term loan facility between the Group and an associated entity of Brett Kelly and David Irwin, the Operating Partner in the Kelly Partners Inner West Partnership ('KP(IW)P'), to assist with the purchase of 766 Darling St, Rozelle ('the Rozelle Property'). The facility is unsecured, repayable on demand and interest is charged at commercial rates. The KW(IW)PT business operates out of the Rozelle Property, under a lease which was in place prior to the sale and purchase of the Rozelle Property. As at 30 June 2020, there was $18,143 owing on this facility. This facility was repaid in the 2021 financial year.

On 23 February 2021, an associated entity of Brett Kelly and David Irwin advanced a short term loan facility to Kelly Partners Inner West Partnership to the amount of $72,000. The facility is unsecured, repayable on demand and interest is charged at commercial rates. This loan has subsequently been repaid in July 2021.

	2021 $	2020 $
Loans to directors:		
Balance at the beginning of the year	18,143	-
- loans (from) / advanced	(72,000)	333,623
- interest on loans	(1,065)	11,220
- repayment of loans advanced	(19,004)	(326,700)
Balance at the end of the year	(73,926)	18,143

Employee Share trust
In FY2021, a number of operating businesses paid amounts to an Employee Share Trust as part of the Employee Share Scheme ('ESS'). The monies received by the Employee Share Trust were used to acquire the shares of Kelly Partners Group Holdings Limited (KPG.ASX). As at 30 June 2021, none of the shares held in trust were allocated to any employees of Kelly Partners.

	2021 $	2020 $
Balance at the beginning of the year	-	-
- loans advanced	110,989	-
- interest on loan	6,010	-
Balance at the end of the year	116,999	-

Partners
Loans (to)/from partners are set out in note 14 and note 24.

Direct interest in subsidiaries
The following related parties hold a direct interest in the respective subsidiary of the Group:

Related party	Subsidiary	2021 Interest held	2020 Interest held
Paul Kuchta	Kelly Partners Norwest Partnership	25.50%	25.50%
Ada Poon	Kelly Partners North Sydney Partnership	10.00%	10.00%

Note 35. Parent entity information

Set out below is the supplementary information about the parent entity. The following table summarises the standalone financial information of the parent entity and is before inter company eliminations and adjustments on consolidation.

Statement of profit or loss and other comprehensive income

	2021 $	2020 $
Profit after income tax	4,713,746	3,537,134
Total comprehensive income	4,713,746	3,537,134

Statement of financial position

	2021 $	2020 $
Total current assets	6,051,543	6,752,174
Total non-current assets	20,769,806	18,402,516
Total assets	26,821,349	25,154,690
Total current liabilities	1,851,979	1,832,525
Total non-current liabilities	4,669,910	5,169,577
Total liabilities	6,521,889	7,002,102
Net assets	20,299,460	18,152,588

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
In the financial year ended 30 June 2019, the Group commenced restructuring its debt facilities with Westpac. The facility restructure was completed in November 2019. The facility restructure provides the Group with consistent and improved terms and conditions, consistent and reduced reporting and undertaking requirements, consistent risk margins and a consistent security structure across its subsidiaries. Each subsidiary's debt facilities are granted security by that entity, the corporate partners of that entity, limited personal guarantees of the operating business owners, and a guarantee provided by the parent over all existing and future assets and undertakings.

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

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 36. Business combinations

Acquisitions during the year ended 30 June 2021

Kelly Partners Oran Park

On 16 November 2020, Kelly Partners (Oran Park) Pty Ltd acquired an accounting business in Camden, NSW.

The goodwill is attributable to synergies expected to be achieved from integrating the business in to the Kelly Partners Oran Park business.

Note 36. Business combinations (continued)

The acquired business contributed revenues of $246,434 and a net profit before tax of $71,222 to the Group for the period from 16 November 2020 to 30 June 2021. The profit includes one-off transaction and implementation costs.

The revenue and net profit of the acquired business, from 1 July 2020 to the date of acquisition, has not been disclosed due to limitations in the financial information relating to the pre-acquisition period.

Details of the acquisition are as follows:

	Fair value $
Customer relationships	267,887
Employee benefits	(35,179)
Net assets acquired	232,708
Goodwill	159,905
Acquisition-date fair value of the total consideration transferred	392,613
Representing:	
Cash paid to vendor	242,939
Contingent consideration	149,674
	392,613

Kelly Partners Central Coast

On 15 March 2021, Kelly Partners (Central Coast) Pty Ltd acquired an accounting business in Central Coast, NSW.

The goodwill is attributable to synergies expected to be achieved from integrating the business in to the Kelly Partners Central Coast business.

The acquired business contributed revenues of $140,262 and a net profit before tax of $29,275 to the Group for the period from 15 March 2021 to 30 June 2021. The profit includes one-off transaction and implementation costs.

The revenue and net profit of the acquired business, from 1 July 2020 to the date of acquisition, has not been disclosed due to limitations in the financial information relating to the pre-acquisition period.

Details of the acquisition are as follows:

	Fair value $
Customer relationships	243,536
Deferred tax liabilities	(31,723)
Net assets acquired	211,813
Goodwill	164,299
Acquisition-date fair value of the total consideration transferred	376,112
Representing:	
Cash paid to vendor	214,661
Contingent consideration	161,451
	376,112

Note 36. Business combinations (continued)

Kelly Partners Inner West

On 1 March 2021, Kelly Partners (Inner West) Pty Ltd acquired an accounting business in Stanmore, NSW.

The goodwill is attributable to synergies expected to be achieved from integrating the business in to the Kelly Partners Inner West business.

The acquired business contributed revenues of $206,151 and a net profit before tax of $24,929 to the Group for the period from 1 March 2021 to 30 June 2021. The profit includes one-off transaction and implementation costs.

The revenue and net profit of the acquired business, from 1 July 2020 to the date of acquisition, has not been disclosed due to limitations in the financial information relating to the pre-acquisition period.

Details of the acquisition are as follows:

	Fair value $
Customer relationships	330,484
Deferred tax liabilities	(43,822)
Employee benefits	(41,571)
Net assets acquired	245,091
Goodwill	522,861
Acquisition-date fair value of the total consideration transferred	767,952
Representing:	
Cash paid to vendor	553,779
Contingent consideration	214,173
	767,952

Note 36. Business combinations (continued)

Kelly Partners Private Wealth (Central Coast & Hunter Region) Pty Ltd

On 23 April 2021, Kelly Partners Group Holdings Limited acquired a 51% interest in a financial planning business in Central Coast, NSW.

The acquired business contributed revenues of $380,392 and a net profit before tax of $81,288 to the Group for the period from 23 April 2021 to 30 June 2021. The profit includes one-off transaction and implementation costs.

The revenue and net profit of the acquired business, from 1 July 2020 to the date of acquisition, has not been disclosed due to limitations in the financial information relating to the pre-acquisition period.

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	124,764
Trade and other receivables	2,832
Other assets	125,590
Customer relationships	1,119,416
Right of use asset	436,984
Trade and other payables	(93,740)
Lease liability	(485,432)
Deferred tax liabilities	(338,188)
Contract liabilities	(477,144)
Borrowings	(16,164)
Other liabilities	(35,424)
Employee benefits	(152,042)
Net assets acquired	211,452
Less: non-controlling interests	(103,611)
Goodwill	1,570,038
Acquisition date fair value of the total consideration transferred	1,677,879
Representing:	
Cash consideration	1,057,256
Contingent consideration	620,623
	1,677,879
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	1,677,879
Less: cash and cash equivalents	(124,764)
Less: contingent consideration	(620,623)
Net cash used	932,492

Note 36. Business combinations (continued)

Kelly Partners Finance (Central Coast & Hunter Region) Pty Ltd

On 23 April 2021, Kelly Partners Group Holdings Limited acquired a 51% interest in a mortgage broking business in Central Coast, NSW.

The acquired business contributed revenues of $31,602 and a net loss before tax of ($30,706) to the Group for the period from 23 April 2021 to 30 June 2021. The loss includes one-off transaction and implementation costs.

The revenue and net profit of the acquired business, from 1 July 2020 to the date of acquisition, has not been disclosed due to limitations in the financial information relating to the pre-acquisition period.

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	4,215
Customer relationships	174,301
Trade and other payables	(311)
Net assets acquired	178,205
Less: non-controlling interests	(87,321)
Goodwill	214,082
Acquisition date fair value of the total consideration transferred	304,966
Representing:	
Cash consideration	198,940
Contingent consideration	106,026
	304,966
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	304,966
Less: cash and cash equivalents	(4,215)
Less: contingent consideration	(106,026)
	194,725

Kelly Partners Insurance Services (Central Coast & Hunter Region) Pty Ltd

On 23 April 2021, Kelly Partners Group Holdings Limited acquired a 51% interest in a life insurance broking business in Central Coast, NSW.

The acquired business contributed revenues of $57,966 and a net profit before tax of $43,316 to the Group for the period from 23 April 2021 to 30 June 2021. The profit includes one-off transaction and implementation costs.

The revenue and net profit of the acquired business, from 1 July 2020 to the date of acquisition, has not been disclosed due to limitations in the financial information relating to the pre-acquisition period.

Note 36. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	18,791
Customer relationships	159,049
Trade and other receivables	2,980
Net assets acquired	180,820
Less: non-controlling interests	(88,602)
Goodwill	195,358
Acquisition date fair value of the total consideration transferred	287,576
Representing:	
Cash consideration	190,827
Contingent consideration	96,749
	287,576
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	287,576
Less: cash and cash equivalents	(18,791)
Less: contingent consideration	(96,749)
	172,036

Note 36. Business combinations (continued)

Acquisitions during the year ended 30 June 2020

Kelly Partners Melbourne CBD

On 1 November 2019, Kelly Partners (Melbourne CBD) Pty Ltd acquired an accounting business in Melbourne, VIC.

The acquired business contributed revenues of $1,636,214 and net profit before tax of $60,962 to the Group for the period from 1 November 2019 to 30 June 2020. The profit includes one-off transaction and implementation costs. The business continues to be integrated in to the Kelly Partners Group and management expect the business to be profitable on a full 12 month basis.

The revenue and net profit of the acquired business, from 1 July 2019 to the date of acquisition, has not been disclosed due to limitations in the financial information relating to the pre-acquisition period.

Details of the acquisition are as follows:

	Fair value $
Customer relationships	771,176
Deferred tax liability	(113,841)
Employee benefits	(143,953)
Provisions	(67,500)
Net assets acquired	445,882
Goodwill	1,741,460
Acquisition-date fair value of the total consideration transferred	2,187,342
Representing:	
Cash paid to vendor	1,811,733
Contingent consideration	375,610
	2,187,343

Note 36. Business combinations (continued)

Kelly Partners Blue Mountains & Central Tablelands

On 1 November 2019, Kelly Partners (Blue Mountains & Central Tablelands) Pty Ltd acquired an accounting business in Glenbrook, NSW.

The acquired business contributed revenues of $657,370 and net profit before tax of $65,976 to the Group for the period from 1 November 2019 to 30 June 2020. The profit includes one-off transaction and implementation costs. The business continues to be integrated in to the Kelly Partners Group and management expect the business to be profitable on a full 12 month basis.

The revenue and net profit of the acquired business, from 1 July 2019 to the date of acquisition, has not been disclosed due to limitations in the financial information relating to the pre-acquisition period.

Details of the acquisition are as follows:

	Fair value $
Right-of-use assets	596,234
Customer relationships	637,910
Deferred tax liability	(109,802)
Employee benefits	(50,733)
Lease liabilities	(596,234)
Net assets acquired	477,375
Goodwill	484,933
Acquisition-date fair value of the total consideration transferred	962,308
Representing:	
Cash paid to vendor	719,267
Contingent consideration	243,041
	962,308

Note 37. Interests in subsidiaries

(a) Subsidiaries
The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Country on incorporation	Ownership interest 2021 %	Ownership interest 2020 %
KP GH NS Pty Ltd	Australia	100.00%	100.00%
Kelly Partners North Sydney Partnership	Australia	58.25%	58.25%
KP GH CC Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Central Coast Partnership	Australia	50.10%	50.10%
KP GH WS Pty Ltd	Australia	100.00%	100.00%
Kelly Partners (Western Sydney) Partnership	Australia	51.00%	51.00%
KP GH SWS Pty Ltd	Australia	100.00%	100.00%
Kelly Partners South West Sydney Partnership	Australia	50.50%	50.50%
Kelly Partners Management Services Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Services Trust	Australia	100.00%	100.00%
KP GH NW Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Norwest Partnership	Australia	51.00%	51.00%

Note 37. Interests in subsidiaries (continued)

Name	Country on incorporation	Ownership interest 2021 %	Ownership interest 2020 %
KP GH TC Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Tax Consulting Partnership	Australia	51.00%	51.00%
Kelly Partners (Strategy Consulting) Pty Ltd	Australia	100.00%	100.00%
KP GH BM Pty Ltd (formerly KP GH BMCT Pty Ltd)	Australia	100.00%	100.00%
Kelly Partners Blue Mountains Partnership (formerly Kelly Partners Blue Mountains & Central Tablelands Partnership)	Australia	51.00%	68.00%
KP GH WO Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Wollongong Partnership	Australia	51.00%	51.00%
KP GH NB Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Northern Beaches Partnership	Australia	51.00%	51.00%
KP GH SH Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Southern Highlands Partnership	Australia	51.00%	51.00%
Kelly Partners (South West Sydney) Trust	Australia	50.50%	50.50%
Kelly Partners Oran Park Partnership	Australia	25.30%	25.30%
Super Certain Pty Ltd	Australia	50.50%	50.50%
Kelly Partners Management Services (Hong Kong) Limited	Hong Kong	51.00%	51.00%
KP GH FIN Pty Ltd	Australia	100.00%	100.00%
KP GH WM Pty Ltd	Australia	100.00%	100.00%
KP GH HK Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Finance Partnership	Australia	51.00%	51.00%
Kelly Partners Private Wealth Sydney Partnership (formerly Kelly Partners Wealth Management Partnership)	Australia	51.00%	51.00%
Kelly Partners Marketing Advisory Pty Ltd (deregistered)	Australia	-	51.00%
Kelly Partners Property Group Holdings Pty Ltd	Australia	100.00%	100.00%
Kelly Property Group Pty Ltd	Australia	100.00%	100.00%
Kelly Partners (Central Coast) Property Trust	Australia	51.00%	51.00%
KP GH SYD CBD Pty Ltd	Australia	100.00%	100.00%
Kelly Partners (Sydney) Pty Ltd	Australia	50.05%	50.05%
KP GH IW Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Inner West Partnership	Australia	51.00%	51.00%
Kelly Partners (Tax Legal) Pty Ltd	Australia	51.00%	51.00%
Kelly Partners (Sydney) Audit Partnership	Australia	50.04%	50.04%
Kelly Partners Private Wealth Group Holdings Pty Ltd	Australia	100.00%	100.00%
KP GH MCBD Pty Ltd (formerly KP GH WM MCBD Pty Ltd)	Australia	100.00%	100.00%
KP GH CA Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Corporate Advisory Partnership	Australia	51.00%	51.00%
KP GH NZ Pty Ltd	New Zealand	100.00%	100.00%
Kelly Partners New Zealand Partnership	New Zealand	51.00%	51.00%
Kelly Partners SMSF Advisory Pty Ltd	Australia	100.00%	100.00%
KPIO Pty Ltd (formerly Kelly Partners (Investment Office) Pty Ltd)	Australia	75.50%	75.50%
Kelly Partners Legacy Team Pty Ltd (deregistered 24 Feb 2021)	Australia	100.00%	100.00%
Kelly Partners (Sports & Entertainment) Pty Ltd (deregistered 24 Feb 2021)	Australia	-	100.00%
Kelly Partners Private Wealth Pty Ltd	Australia	100.00%	100.00%
KP GH MEL Pty Ltd	Australia	100.00%	100.00%
Kelly Partners Melbourne CBD Partnership	Australia	66.00%	66.00%

Note 37. Interests in subsidiaries (continued)

Name	Country on incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Kelly Partners (Melbourne CBD) Pty Ltd (formerly Kelly Partners Private Wealth (Melbourne) Pty Ltd)	Australia	95.00%	95.00%
Kelly Partners Private Wealth (International) Pty Ltd (deregistered 4 Feb 2021)	Australia	-	100.00%
Kelly Partners (Estate Office) Pty Ltd	Australia	100.00%	100.00%
KP GH ES Pty Ltd (deregistered 24 Feb 2021)	Australia	-	100.00%
Kelly Partners Private Wealth Wholesale Partnership	Australia	51.00%	51.00%
Kelly Partners Alternative Asset Management Pty Ltd (incorporated in December 2019)	Australia	100.00%	-
Kelly Partners Ancillary Services Pty Ltd	Australia	100.00%	-
Kelly Partners Finance (Central Coast & Hunter Region) Pty Ltd (formerly Moneywise Loan & Leasing Pty Ltd)	Australia	51.00%	-
Kelly Partners Investment Office (Locations) Pty Ltd	Australia	100.00%	-
Kelly Partners (Investment Office) Pty Ltd (incorporated in April 2020)	Australia	51.00%	-
Kelly Partners Life Insurance Services (Central Coast & Hunter Region) Pty Ltd (formerly Moneywise Insurance Services Pty Ltd)	Australia	51.00%	-
Kelly Partners Private Wealth (Central Coast & Hunter Region) Pty Ltd (formerly Moneywise Financial Solutions Pty Ltd)	Australia	51.00%	-
KP GH AI Pty Ltd	Australia	100.00%	-
KP GH Care Pty Ltd	Australia	100.00%	-
KP GH CT Pty Ltd	Australia	100.00%	-
KP GH EL Pty Ltd	Australia	100.00%	-
KP GH FIN CC Pty Ltd	Australia	100.00%	-
KP GH GI Pty Ltd	Australia	100.00%	-
KP GH HR Pty Ltd	Australia	100.00%	-
KP GH IS CC Pty Ltd	Australia	100.00%	-
KP GH PW Pty Ltd	Australia	100.00%	-
KPGH Pty Ltd	Australia	100.00%	-
Cancer Schmancer Movement Limited (public company limited by guarantee – registered charity)	Australia	100.00%	-
Kelly Partners Alternative Investments Partnership	Australia	51.00%	-
Kelly Partners Hunter Region Partnership	Australia	51.00%	-
Kelly Partners Central Tablelands Partnership	Australia	68.00%	-
Kelly Partners Pittwater Partnership	Australia	51.00%	-
KP Care Partnership	Australia	51.00%	-

The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

The Group has control over the Kelly Partners Oran Park Partnership because it controls the controlling partner of the partnership, the Kelly Partners (South West Sydney) Trust.

Note 37. Interests in subsidiaries (continued)

(b) Subsidiaries with non-controlling interests
The following table summarises the aggregate financial information in relation to the share of the Group's subsidiaries held by non-controlling interests. The information is before inter-company eliminations with other companies within the Group.

	Consolidated 2021 $	Consolidated 2020 $
Revenue	23,791,845	22,005,678
Profit attributable to non-controlling interests	6,318,214	6,344,797
Distributions to non-controlling interests	6,416,667	8,087,693
Current assets	8,523,584	6,100,394
Non-current assets	14,061,542	12,230,579
Current liabilities	(4,839,385)	(2,606,778)
Non-current liabilities	(7,944,082)	(6,036,802)
Net assets	9,801,658	9,687,393

(c) Consequences of changes in a parent's ownership in a subsidiary that do not result in a loss of control
There were no material changes to the parent entity's ownership in subsidiaries during the current and prior financial year.

(d) Significant restrictions
There are no significant restrictions on the ability of the holding company or its subsidiaries to access or use the assets and settle the liabilities of the Group.

Note 38. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2021 $	Consolidated 2020 $
Profit after income tax (expense)/benefit for the year	10,940,551	10,359,306
Adjustments for:		
Depreciation and amortisation	4,427,456	3,740,900
Repayment of lease liabilities	(2,228,943)	(1,978,034)
Fair value movement - unwinding of interest	202,237	158,460
Other non-cash movements	831,941	785,190
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(54,803)	803,348
Decrease/(increase) in deferred tax assets	302,027	(105,074)
Increase in trade and other payables	497,375	564,208
Increase in provision for income tax	164,960	315,918
Net cash from operating activities	15,082,801	14,644,222

Note 38. Cash flow information (continued)

Non-cash investing and financing activities

	Consolidated	
	2021	2020
	$	$
Additions to the right-of-use assets	6,299,871	9,413,661
Adjustments as a result of a different treatment of extension and termination options	(479,852)	(1,896,904)
	5,820,019	7,516,757

Changes in liabilities arising from financing activities

Consolidated	Bank loans $	Lease liabilities $	Total $
Balance at 1 July 2019	16,101,194	-	16,101,194
Net cash used in financing activities	-	(2,158,946)	(2,158,946)
Proceeds from borrowings	6,037,413	-	6,037,413
Repayment of borrowings	(5,761,572)	-	(5,761,572)
Leases recognised on the adoption of AASB 16	-	11,225,389	11,225,389
Acquisition of leases	-	596,234	596,234
Adjustments as a result of a different treatment of extension and termination options	-	(2,568,803)	(2,568,803)
Balance at 30 June 2020	16,377,035	7,093,874	23,470,909
Net cash used in financing activities	-	(2,228,943)	(2,228,943)
Proceeds from borrowings	6,538,544	-	6,538,544
Repayment of borrowings	(6,426,892)	-	(6,426,892)
Acquisition of leases	-	6,299,871	6,299,871
Changes through business combinations (note 36)	16,164	485,432	501,596
Adjustments as a result of a different treatment of extension and termination options	-	(603,245)	(603,245)
Balance at 30 June 2021	16,504,851	11,046,989	27,551,840

Note 39. Events after the reporting period

Acquisitions
On 1 July 2021, Kelly Partners Hunter Region, a subsidiary of Kelly Partners Group Holdings Limited, acquired an accounting firm located in Newcastle, NSW. The acquisition is expected to contribute approximately $0.8m to $1.0m in annual revenues to the consolidated Group and approximately $0.1m NPATA to the Parent.

On 12 July 2021, Kelly Partners Sydney, a subsidiary of Kelly Partners Group Holdings Limited, acquired an accounting firm located in Sydney CBD, NSW. The acquisition is expected to contribute approximately $2.2m to $2.4m in annual revenues to the consolidated Group and approximately $0.3m NPATA to the Parent.

COVID-19
In July 2021, a renewed COVID-19 outbreak has led to lockdown and extensive restrictions imposed in the Greater Sydney area. In response to this, the Group has recommenced working from home arrangements for its team members. At the date of this report, the Group has not seen a significant impact on its revenue or collections but continues to act with prudence and caution in the current pandemic environment. Further details on management's response and action to the COVID-19 pandemic is included in the “COVID-19” section within the Directors Report.
Apart from the matters discussed above and dividend declared as disclosed in note 28, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

Brett Kelly
Executive Chairman and Chief Executive Officer

9 August 2021
Sydney

Kelly Partners Group Holdings Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kelly Partners Group Holdings Limited (the Company and its subsidiaries [the Group]), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

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

Basis for Opinion

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report 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.

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KEY AUDIT MATTER	
Recovery of Goodwill and Intangible Assets **Refer also to note 17**	**How our audit addressed it**
The Group has $34,474,428 of intangible assets including: — Goodwill of $25,264,891 — Brand names and intellectual property of $3,300,000 — Customer relationships of $5,830,916 — Computer software of $78,621 The Group has assessed that the customer relationships and computer software have finite lives and are amortising these assets over their useful lives. The other intangible assets have indefinite lives. The carrying values of the identifiable intangible assets are contingent on future cash flows and there is a risk that, if these cash flows do not meet the Group's expectations, the assets might be impaired. These recoverable amounts use cash flow forecasts in which the Directors make judgements over certain key inputs, for example, but not limited to, revenue growth, discount rates applied, long term growth rates and inflation rates.	We have performed procedures to respond to the risk of misstatement of Goodwill and Intangible Assets, these procedures included: — Assessing the Group's determination of finite and indefinite lives of intangible assets; — Evaluating the Group's budgeting procedures (upon which the forecasts are based); — Assessing the principles and integrity of the cash flow models; — Consulting our own valuation specialists when considering the appropriateness of the discount rates and the long-term growth rates; — Testing the sensitivity of the value in use calculations to variations in the underlying assumptions; — Reviewing the historical accuracy by comparing actual results with the original forecasts; and — Assessing the amortisation rates used for customer relationships and computer software as well as testing the corresponding charges made in the year. We have also assessed the adequacy of the Group's disclosures in respect of the intangible assets.

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included pages 15 to 20 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Kelly Partners Group Holdings Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

William Buck

William Buck
Accountants & Advisors
ABN: 16 021 300 521

Leo Tutt

L.E. Tutt
Partner
Sydney, 9 August 2021

The shareholder information set out below was applicable as at 8 July 2021.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	376	0.58	-	-
1,001 to 5,000	287	1.72	-	-
5,001 to 10,000	108	1.89	-	-
10,001 to 100,000	162	10.97	-	-
100,001 and over	43	84.84	-	-
	976	100.00	-	-
Holding less than a marketable parcel	24	-	-	-

The number of shareholders holding less than a marketable parcel of ordinary shares is based on Kelly Partners Group Holdings Limited's closing share price of $3.4 on 30 June 2021.

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Kelly Investments 1 Pty Ltd	22,500,000	50.00
BNP Paribas Noms Pty Ltd DRP	2,720,491	6.05
Sandhurst Trustees Ltd	999,970	2.22
J P Morgan Nominees Australia Pty Limited	843,116	1.87
BNP Paribas Nominees Pty Ltd IB AU Noms Retail Client DRP	777,806	1.73
Citicorp Nominees Pty Limited	711,792	1.58
Kalumic Pty Ltd	636,000	1.41
HSBC Custody Nominees (Australia) Limited	571,897	1.27
Kristian Garnet Haigh	501,500	1.11
Ackc Super Pty Ltd	500,000	1.11
Eric Golf Pty Ltd	491,338	1.09
Gildale Super Fund Pty Ltd	466,420	1.04
Bullock Superannuation Pty Ltd	458,984	1.02
BNP Paribas Nominees Pty Ltd Hub24 Cust Serv Ltd DRP	425,311	0.95
HSBC Custody Nominees (Australia) Limited	423,043	0.94
Kenneth Ko	393,504	0.87
Mikalu Pty Ltd	364,000	0.81
Sundeep Kalra + Anoop Kalra + Shikha Mohanty	300,199	0.67
BRJT Accounting Pty Ltd	286,120	0.64
Santra SMSF Pty Ltd	273,001	0.61
	34,644,492	76.99

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders
Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Kelly Investments 1 Pty Ltd	22,500,000	50.00
BNP Paribas Noms Pty Ltd DRP	2,720,491	6.05

Voting rights
The voting rights attached to ordinary shares are set out below:

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

There are no other classes of equity securities.

KELLY PARTNERS GROUP HOLDINGS LIMITED
Office - Level 8/32 Walker Street, North Sydney, NSW 2060