



# Interim Report

for the six months ended  
30 September 2020



accordant 

**We have positioned  
the business as  
well as possible for  
what lies ahead.**

**Simon Bennett, CEO**

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# The health, safety and wellbeing of our people remains paramount.

Simon Bennett, CEO



**No one could have predicted the six months that we have seen. As I mentioned at our recent AGM, our last financial year ended with three days of Level 4 lockdown; and this was the context for the start of our 2021 financial year.**

In the time since April, what has resonated most has been the resilience and strength of our team and their dedication to our people, our clients and candidates. Whilst we have been relatively safe from the virus, none of us are immune to the strain and stress that it is causing in our communities. The health, safety and wellbeing of our people remains paramount and I am proud of the efforts made to keep our people safe.

Obviously, we are not yet through this pandemic and the future is uncertain. We can assure you though that we have positioned the business as well as possible for what lies ahead. Our people are up to the task and the previous investment we have made in tools and technology has served us well. This uncertainty is as a result of the changes in our clients' businesses. Their uncertainty is challenging hiring decisions and driving tighter cost control. As we move through this recession, these drivers can lead to a higher mix of contingent worker utilisation, which is favourable to us. We are not at this stage, yet.

Our strategy too, has us well-positioned to be able to help the many displaced workers affected by the pandemic, along with people who already faced barriers to employment and are now further marginalised from work opportunities.

We are seeking to be more ambitious about what good we can do for the people of New Zealand and the role we can play

**We are seeking to be more ambitious about what good we can do for the people of New Zealand.**

in economic recovery through enabling employment opportunities. We have appointed a dedicated General Manager to drive our social enterprise, The Work Collective, and also to build our training and redeployment capability at greater pace.

Our growth in ambition beyond our current businesses, and the expertise which we have harnessed within the Group has led us to our change of name. We thought it worthwhile to explain this journey and recap on our ambitions for Accordant within this Half Year report.

We have delivered much lower revenue for the half year, \$33.3 million down on the prior first half. The bulk of this decline was in our temp businesses in both white and blue collar. The decline was not linear, but our recovery appears to be somewhat more so at this point in time.

We have delivered a higher net profit than prior year, albeit off a low base. Our profit for the Half Year (HY21) of \$3.7 million, compares favourably to the prior first half (HY20) of \$1.3 million. Last year however included some one-off costs and our result is better-compared to the preceding year (HY19) result of \$2.1 million, with the addition of JacksonStone & Partners. Our further diversification has certainly been rewarded.

Our result has of course also been affected by the Government Wage Subsidy, which served its purpose to pay and retain

the majority of our internal and contingent workforce, including our migrant workforce. We were pleased to be able to fulfil the intent of the scheme which was designed to enable staff retention, inclusive of temporary and labour hire agencies.

The large drop in permanent fee revenue in Madison has reduced the size of the business and we do not expect the business to recover fully this financial year. We predict it may well take a further 18 months. This recovery will likely be through the temp channel, rather than permanent recruitment. As a generalist and low to mid-level recruiter, there is a tendency for clients to attempt this recruitment themselves in the early stages of a recession. This has reduced the carrying value of Madison with a resulting goodwill impairment.

AWF too has had a fall in permanent fee revenue and its temporary business suffered considerably during the Level 4 lockdown. At our current recovery rate, we expect AWF to return to normal trading in its temp business by the end of this financial year.

Absolute IT has also been affected and is approximately 10% down on prior year. However, the tech sector is showing growth and we are confident of our ability to once again grow our business.

Likewise, JacksonStone & Partners saw a drop, mainly in May, but is recovering well and we are confident in demand. We expect to pay the vendors of JacksonStone the maximum

**What has resonated most has been the resilience and strength of our team, and their dedication to our people, our clients and candidates.**

entitlement for the second tranche of the earnout for the purchase.

Our balance sheet looks quite different to that of a year ago. Goodwill write-off has had an impact but the overall shrinking of the business has reduced demand on working capital, as has the reduction in capital spend. We have benefited from a suspension of the March 2020 final year dividend and the various cost reduction measures have had a significant impact. These included rent reductions, employee salary sacrifice, reduction in marketing spend and travel. Your Board also sacrificed fees of 20% for a 3-month period.

This, along with our profit contribution, has seen net Bank debt reduce significantly to \$9.1 million. We are very comfortable at this level which also allows some headroom for another strategic acquisition.

This time last year I reported that we were about to resolve issues with the Labour Inspectorate, which stalled AWF's Accredited Employer status with Immigration New Zealand. Whilst I was wrong about the timing, we did get the right outcome with proceedings withdrawn last month and subsequently AWF's Accredited Employer status returned. This is somewhat ironic given our borders remain largely closed and the prospect of migrant labour not looking likely any time soon. We are however pleased to have that episode behind us.

To use a sporting analogy, we are still only at half time in a game where anything could happen. There is much to unfold for the remainder of this financial year, however I feel we are positioned well for the uncertainty. We are seeking business in sectors less affected by the pandemic and those where growth is possible, in either a scenario of further lockdowns or one of growth in unemployment on the back of a deepening recession.

I hope you enjoy reading about Accordant in the following pages, and the journey of the business we are so proud of.

**Simon Bennett,**  
**CEO**

# A New Name for Our Group's Future.

**The 19<sup>th</sup> of October marked a significant day for our business, when we moved from a name embedded in our history, to a name grounded in purpose; Accordant.**

Why Accordant? For us, it means harmony. It symbolises bringing together, and growing together. It strongly reflects our belief in treating people with respect, nurturing their development and ensuring thousands of New Zealanders and New Zealand companies are ready to put their best foot forward – every day.

In renaming our organisation to Accordant, we have seen a significant milestone in our company's history – one that has been three decades in the making. Over this time, we have substantially grown both the breadth and depth of the services we offer, and we are now a diverse group of companies that includes AWF, Madison, Absolute IT and JacksonStone & Partners.

We are proud of our stable of brands, and the significant role they play in workplaces throughout New Zealand. In each of these operating businesses lies a rich history, and ultimately it was the culmination of this expertise and the breadth of service offerings that meant our previous Group identity as AWF Madison was no longer fit to best showcase our makeup, nor our future aspirations.

# accordant

The name Accordant signifies how our various businesses will continue to work together. It is not just about a collection of standalone operations, but a collaborative way of working that draws from our collective capability to deliver more additively for our clients and candidates than is possible when operating apart. Members of the Accordant Group are working together in an agile way to see people gainfully employed, and meet the needs of New Zealand's diverse workplaces.

It is clear that the world of work is evolving at an incredible rate of knots, a reality brought home by the events of 2020. We hear from our clients and candidates often that organisations, and indeed whole sectors, are operating in unprecedented volatility and complexity. More and more often, we are asking for the opportunity to work with our clients in our capacity as a Group. This broader perspective enables us to gain clarity and deliver solutions that likely go beyond traditional recruitment services.

Our vision moving forward is that Accordant will be more prominent in support of our day-to-day operations. We will work to ensure that anything we put our name behind has meaning – be it for our clients, our candidates, our workforce, our service delivery people, or across the wider landscape.

Our breadth and scale provide a unique standpoint to contribute to the broader conversation about labour market forces, business productivity and organisational change, and Accordant provides a platform from which to contribute to these discussions in a meaningful way.

Over the coming months Accordant will become more visible in support of our various brands' identities and activity, resulting in subtle changes to existing collateral. And in due course, we look forward to embarking on new developments and initiatives with Accordant as the launchpad.

**Liz Meleisea,**  
**Group Marketing Manager**

# accordant



# Introducing Donna Lynch.

## GM Workforce

Whilst it is clear that we are facing an uncertain future, we also know that our ambitions will direct us to take a greater focus on the variety of ways that we can support more New Zealanders, and the contribution we can make to our country's economic recovery.

To enable this shift in focus, we have created a new position of General Manager – Workforce, and we are delighted to announce that Donna Lynch is transitioning into this role. An experienced leader with an extensive background in HR, Donna has held the role of joint General Manager at AWF for four years. Donna's experience, coupled with her passion for driving positive outcomes for both people and business, positions her perfectly to lead this channel.

This new role sits as part of our Group function, spanning each of our individual businesses and focusing on three key areas:

- Working alongside senior leaders to deliver a company-wide focus on our people strategy, ensuring that each of our Group's businesses has the tools, guidance and support to drive the continued development and retention of our people.
- Oversight of the Group's Health & Safety management systems.
- Leading the continued growth of The Work Collective and the development of future channels in training and redeployment.

Many New Zealand businesses are showing increased interest in the way that their procurement dollar can deliver greater social impact. Through The Work Collective, we have the opportunity to help improve outcomes for people with real barriers to work, while supporting our clients to achieve their own social goals.



# Financial Statements.

# **Accordant Group Limited (formerly AWF Madison Group Limited)**

Condensed consolidated statement of comprehensive income  
For the six month period 30 September 2020 (unaudited)

	GROUP	
	6 months to 30 September 2020 (unaudited) \$'000	6 months to 30 September 2019 (unaudited) \$'000
Revenue from contracts with customers	105,938	139,226
Direct costs	(1,244)	(1,038)
Employee benefits expense	(81,540)	(127,273)
Depreciation and amortisation expense	(2,618)	(3,285)
Impairment	(7,000)	–
Other operating expenses	(4,942)	(4,583)
Finance costs	(777)	(1,013)
Acquisition related expenses	–	(101)
<b>Profit before tax</b>	<b>7,817</b>	<b>1,933</b>
Income tax expense	(4,105)	(612)
<b>Profit for the period</b>	<b>3,712</b>	<b>1,321</b>
Other comprehensive income for the period	–	–
<b>Total comprehensive income for the period</b>	<b>3,712</b>	<b>1,321</b>
<b>Profit for the period income is attributable to equity holders of the Group</b>	<b>3,712</b>	<b>1,321</b>
<b>Total comprehensive income is attributable to equity holders of the Group</b>	<b>3,712</b>	<b>1,321</b>
<b>Earnings per share</b>		
Total basic earnings per share (cents/share)	10.9	4.0
Total diluted earnings per share (cents/share)	10.9	4.0

The notes to the interim condensed consolidated financial statements form an integral part of these financial statements

# **Accordant Group Limited (formerly AWF Madison Group Limited)**

Condensed consolidated statement of financial position

As at 30 September 2020 (unaudited)

	GROUP		
	30 September 2020 (unaudited) \$'000	30 September 2019 (unaudited) \$'000	31 March 2020 (audited) \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2,841	3,152	3,193
Right of use assets	9,739	14,642	11,107
Intangible assets goodwill	38,068	45,475	45,068
Intangible assets other	15,260	16,886	16,194
<b>Total non-current assets</b>	<b>65,908</b>	<b>80,155</b>	<b>75,562</b>
<b>Current assets</b>			
Cash and cash equivalents	5,870	7,623	6,178
Trade and other receivables	24,608	30,377	53,071
Contract assets	301	381	458
<b>Total current assets</b>	<b>30,779</b>	<b>38,381</b>	<b>59,707</b>
<b>Total assets</b>	<b>96,687</b>	<b>118,536</b>	<b>135,269</b>
<b>Equity and liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	2,789	3,190	3,122
Borrowings	15,000	36,000	36,000
Lease liabilities	7,961	12,342	9,098
Contingent consideration	1,875	3,458	1,841
<b>Total non-current liabilities</b>	<b>27,625</b>	<b>54,990</b>	<b>50,061</b>
<b>Current liabilities</b>			
Trade and other payables	24,422	25,321	46,169
Contract liabilities	348	242	202
Deferred consideration	–	616	–
Taxation payable	2,854	488	950
Provisions	250	156	189
Lease liabilities	2,375	2,475	2,501
Contingent consideration	1,491	–	1,463
<b>Total current liabilities</b>	<b>31,740</b>	<b>29,298</b>	<b>51,474</b>
<b>Total liabilities</b>	<b>59,365</b>	<b>84,288</b>	<b>101,535</b>
<b>Net assets</b>	<b>37,322</b>	<b>34,248</b>	<b>33,734</b>
<b>Capital and reserves</b>			
Share capital	30,868	30,012	30,868
Group share scheme reserve	206	281	330
Retained earnings	6,248	3,955	2,536
<b>Total equity</b>	<b>37,322</b>	<b>34,248</b>	<b>33,734</b>

For and on behalf of the Board who authorise the issue of the financial statements on 28 October 2020:

ROSS KEENAN, Chair



LAURISSA COONEY, Chair, Audit, Finance & Risk Committee



The notes to the interim condensed consolidated financial statements form an integral part of these financial statements

# **Accordant Group Limited (formerly AWF Madison Group Limited)**

Condensed consolidated statement of changes in equity  
For the six month period 30 September 2020 (unaudited)

	GROUP			
	Share capital \$'000	Group share scheme reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>Period ended 30 September 2019</b>				
Balance at 1 April 2019	29,165	544	5,111	34,820
<b>Comprehensive income</b>				
Profit for the period	–	–	1,321	1,321
Other comprehensive income	–	–	–	–
<b>Total comprehensive income</b>	–	–	1,321	1,321
<b>Transactions with shareholders</b>				
Issue of share capital	847	–	–	847
Dividends paid	–	–	(2,806)	(2,806)
Stock appreciation rights cancelled	–	(329)	329	–
Share based payments	–	66	–	66
<b>Total transactions with shareholders</b>	847	(263)	(2,477)	(1,893)
<b>Balance at 30 September 2019</b>	<b>30,012</b>	<b>281</b>	<b>3,955</b>	<b>34,248</b>
<b>Period ended 30 September 2020</b>				
Balance at 1 April 2020	30,868	330	2,536	33,734
<b>Comprehensive income</b>				
Profit for the period	–	–	3,712	3,712
Other comprehensive income	–	–	–	–
<b>Total comprehensive income</b>	–	–	3,712	3,712
<b>Transactions with shareholders</b>				
Share based payments	–	(124)	–	(124)
<b>Total transactions with shareholders</b>	–	(124)	–	(124)
<b>Balance at 30 September 2020</b>	<b>30,868</b>	<b>206</b>	<b>6,248</b>	<b>37,322</b>

The notes to the interim condensed consolidated financial statements form an integral part of these financial statements

# **Accordant Group Limited (formerly AWF Madison Group Limited)**

Condensed consolidated statement of cashflows

For the six month period ended 30 September 2020 (unaudited)

	GROUP	
	6 months to 30 September 2020 (unaudited) \$'000	6 months to 30 September 2019 (unaudited) \$'000
<b>Cashflows from operating activities</b>		
Receipts from customers	134,644	144,449
Payments to suppliers and employees	(109,445)	(135,464)
Net cash generated from operations	25,199	8,985
Interest paid on bank overdrafts and loans	(446)	(737)
Interest paid on lease liabilities	(269)	(276)
Income taxes paid	(2,534)	(1,097)
<b>Net cash from operating activities</b>	<b>21,950</b>	<b>6,875</b>
<b>Cashflows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	34	41
Purchase of property, plant and equipment	(19)	(330)
Purchase of intangible assets	(10)	(14)
Net cash paid on acquisition of JacksonStone & Partners	–	(6,700)
<b>Net cash (used in)/from investing activities</b>	<b>5</b>	<b>(7,003)</b>
<b>Cashflows from financing activities</b>		
Proceeds from the issue of share capital	–	847
Dividends paid to shareholders of the parent	–	(2,806)
Proceeds from borrowings	–	3,000
Repayment of borrowings	(21,000)	–
Payment of principal lease liabilities	(1,263)	(1,194)
<b>Net cash from/(used in) financing activities</b>	<b>(22,263)</b>	<b>(153)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(308)</b>	<b>(281)</b>
Cash and cash equivalents at start of the period	6,178	6,357
Cash acquired through business combinations	–	1,547
<b>Net cash and cash equivalents at end of the period</b>	<b>5,870</b>	<b>7,623</b>

The notes to the interim condensed consolidated financial statements form an integral part of these financial statements

## Accordant Group Limited (formerly AWF Madison Group Limited)

Notes to the condensed consolidated interim financial statements  
For the six month period ended 30 September 2020 (unaudited)

### REPORTING ENTITY

Accordant Group Limited (formerly AWF Madison Group Limited) is a Company limited by shares, incorporated and domiciled in New Zealand and registered under the Companies Act 1993 and listed on the NZX. The address of its registered office and principal place of business is disclosed in the directory to the interim report. The principal services of the Group are the supply of temporary staff, contractor resource and recruitment of permanent staff.

### BASIS OF PREPARATION

The interim condensed consolidated financial statements are for Accordant Group Limited (formerly AWF Madison Group Limited) ('the Company') and its subsidiaries (collectively referred to as 'the Group') and have been prepared:

- in accordance with IAS 34 *Interim Financial Reporting* and NZ IAS 34 *Interim Financial Reporting*;
- in accordance with the requirements of the Financial Market Conduct Act 2013, the Companies Act 1993, and the NZX listing rules;
- on the basis of historical cost, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies; and
- on a going concern basis, which contemplates continuity of normal business activities, the realisation of assets, and the settlement of liabilities in the ordinary course of business; and
- in New Zealand dollars (which is the Group's functional and presentation currency), with values rounded to thousands (\$000) unless otherwise stated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the period ended 31 March 2020.

The accounting policies used in preparation of these interim condensed consolidated financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2020, except for the adoption of any new standards effective as of 1 April 2020, and the early adoption of any other standard, interpretation or amendment that has been issued but is not yet effective.

The new standards and amendments and interpretations to existing standards that came into effect and were adopted during the current accounting period were:

- Definition of a Business – Amendments to NZ IFRS 3 *Business Combinations*
- Definition of Material – Amendments to NZ IAS 1 *Presentation of Financial Statements* and NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

The adoption of these standard amendments had no material impact on the Group.

The Group has not early adopted any new standards, amendments and interpretations that have been issued but are not yet effective. There are a number of new standards and amendments to standards and interpretations that are not yet effective for the year beginning 1 April 2020. None of these new and amendments to standards and interpretations have been early adopted by the Group in preparing these financial statements, or have been identified as having a material effect on the Group's financial statements in the future.

### BUSINESS COMBINATION DURING THE PRIOR PERIOD

During the period ended 30 September 2019, effective 1 June 2019, the Group acquired JacksonStone & Partners Limited ('JacksonStone & Partners'). Consequently, the period ended 30 September 2019 comparative financial information includes four months of trading from the JacksonStone & Partners business.

## Accordant Group Limited (formerly AWF Madison Group Limited)

Notes to the condensed consolidated interim financial statements  
For the six month period ended 30 September 2020 (unaudited)

### GLOBAL PANDEMIC OF CORONAVIRUS DISEASE 2019

Following on from the disclosures in the Group's annual financial statements for the year ended 31 March 2020 regarding the ongoing COVID-19 pandemic, the pandemic and the public health and social measures, and economic responses by the New Zealand Government, continue to inhibit general activity and confidence levels within the community, the economy and the operations of the Group's business. The Group continues to monitor developments and initiate plans to mitigate adverse impacts and maximise opportunities.

The impact of COVID-19 on the country, the labour markets and our businesses has been significant and unpredictable, driving both cost saving initiatives but also some additional margin for the Group. In the early stages of the pandemic, the Group took significant cost containment measures. This included directors and senior management voluntarily taking pay cuts, as did a high percentage of operational teams.

The businesses have worked hard through the lockdown to provide essential services to many key clients. A number of the business units received the wage subsidy for eligible employees, which enabled the Group to continue to employ large numbers of our people.

Whilst Permanent recruitment is subdued at this time, and likely to remain so, there has been continued demand for Contingent workers. The Group's ability, in many cases, to supply to market requirements; and in other cases, to provide innovative solutions to problems faced by clients, has driven strong profitability, ahead of the prior year.

During the six month period ended 30 September 2020, Group eligible entities claimed \$13.2m and repaid \$2.2m under the New Zealand Government's COVID-19 Wage Subsidy Schemes. This was in addition to the amount claimed under the initial 12 week COVID-19 Wage Subsidy Scheme referred to in the Group's annual financial statements for the year ended 31 March 2020. Under the initial 12 week COVID-19 Wage Subsidy Scheme, the Group applied for \$22.9m (for 3,451 employees) subsequently

refunding \$1.4m (for 231 employees). Under the initial 8 week extension of the COVID-19 Wage Subsidy Scheme, the Group applied for \$13.2m (for 2,992 employees) subsequently refunding \$0.8m (for 198 employees).

These grants supported the Group's ability to retain personnel and pay remuneration throughout New Zealand's COVID-19 Alert Levels 4 and 3. The grants have been offset against employee benefits expense in the statement of comprehensive income. Other steps taken by the Group to minimise the impact of COVID-19 pandemic disruptions also positively impacted profit. These included: curtailed operating and capital expenditure, salary sacrifices across senior and operational personnel, Director fee sacrifices, freeze on replacement and additional personnel hires and landlord rental support.

These financial statements have been prepared based upon conditions existing at the end of the reporting period, 30 September 2020, and considering those events occurring subsequent to that date, up to the date of the signing of these interim financial statements, that provide evidence of conditions that existed at the end of the reporting period. All reasonably known and available information with respect to the COVID-19 pandemic, has been taken into consideration and all reasonably determinable adjustments have been made in preparing these interim financial statements.



## Accordant Group Limited (formerly AWF Madison Group Limited)

Notes to the condensed consolidated interim financial statements  
For the six month period ended 30 September 2020 (unaudited)

### GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSET IMPAIRMENT TESTING

Note B4 'Goodwill' of the Group's annual financial statements for the year ended 31 March 2020 under 'Annual test for impairment' noted the following:

- COVID-19 has had an impact on the operations of the Group;
- That Management had used its judgement to determine a point within the range of models that reflects its best estimate of the future which takes into account the Group's financial performance achieved in previous years and that cash flows used in the value-in-use calculations (used to determine the recoverable amount of each of the Group's cash generating units (CGUs) as at 31 March 2020 as part of its annual test for impairment) were sensitive to the economic environment and the ability of these CGUs to return to pre-COVID-19 financial performance by the end of FY2021.
- The Madison Recruitment CGU is sensitive to changes in financial performance assumptions.

The Group's annual financial statements for the year ended 31 March 2020 were signed 8 June 2020 following which the economic climate both domestically and internationally has changed, markedly.

The prevailing market conditions have changed significantly for a number of key Madison Recruitment clients. Madison Recruitment has been affected more than initially anticipated.

The COVID-19 pandemic and public health and social measures and economic responses have lowered overall economic activity and confidence, due to a reduced ability for many businesses to operate, reduced demand for many goods and services, and resulted in significant volatility and instability in the financial markets and the economy.

All indications suggest that the International Governments and regulators worldwide (including in New Zealand) will maintain varying forms of public health and social measures at least until a vaccine for COVID-19 is available and maintain varying economic responses. As the scale and duration of these developments remain uncertain and as a result the Group has concluded there has been an overall increase in the level of inherent uncertainty in the significant accounting estimates and judgements applied by Management in the preparation of its financial statements.

As at 30 September 2020 the Group undertook an impairment test of its CGUs which has resulted in a \$7.0m impairment of the carrying value of Madison Recruitment's goodwill asset.

Cash flow forecasts for FY21 and FY22 were remodelled taking into account the change in current market conditions with estimates of future cash flows based on an estimated growth rate of 1.5% (consistent with 31 March 2020) and an estimated terminal rate of 1.5% (consistent with 31 March 2020). A revised discount rate of 7.62% was applied, assessed by a third-party, down from a rate of 9.14% at 31 March 2020. The reduction in the discount rate is a combination of lower risk-free rate of return and an improvement in the Group's gearing ratio.

In assessing and determining the impairment for the Madison Recruitment CGU a sensitivity analysis was performed including:

- A range of revised forecast cashflows.
- Reducing the estimated growth rate by 0.5%.
- Reducing the terminal growth rate by 1.0%.
- Increasing the discount rate by 1.0%.

# **Accordant Group Limited (formerly AWF Madison Group Limited)**

Notes to the condensed consolidated interim financial statements  
For the six month period ended 30 September 2020 (unaudited)

## **SEGMENT INFORMATION**

Management have identified the following reportable segments:

### **AWF**

The 'AWF' segment operates branches under the brand names AWF (throughout New Zealand) and Select (Dunedin). These brands primarily derive their revenues from temporary staffing services to industry.

### **Madison, Absolute IT and JacksonStone & Partners**

The 'Madison, Absolute IT and JacksonStone & Partners' segment operates branches under the brand names Madison Recruitment, Madison Force, Absolute IT and JacksonStone & Partners (from 1 June 2019) throughout New Zealand. These brands derive their revenues from temporary, contract and permanent staff services to commerce.

	Segment revenue		Segment profit	
	6 months to 30 September 2020 (unaudited) \$'000	6 months to 30 September 2019 (unaudited) \$'000	6 months to 30 September 2020 (unaudited) \$'000	6 months to 30 September 2019 (unaudited) \$'000
<b>SEGMENT REVENUE AND RESULTS</b>				
<b>Continuing operations</b>				
AWF	34,152	50,516	9,881	556
Madison, Absolute IT and JacksonStone & Partners	71,786	88,710	197	3,805
<b>Total for continuing operations</b>	<b>105,938</b>	<b>139,226</b>	<b>10,078</b>	<b>4,361</b>
Central administration costs and directors' fees			(1,484)	(1,415)
Finance costs			(777)	(1,013)
Profit/(loss) before tax			7,817	1,933
Income tax expense			(4,105)	(612)
<b>Profit for the year</b>			<b>3,712</b>	<b>1,321</b>

Revenue reported above represents revenue generated from external customers. Inter-segment sales in the year were \$92,000 (2019: \$43,000) and have been eliminated from the above table.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in this report. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' fees, investment revenue, finance costs, and income tax expense. This is the same measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

# **Accordant Group Limited (formerly AWF Madison Group Limited)**

Notes to the condensed consolidated interim financial statements

For the six month period ended 30 September 2020 (unaudited)

	30 September 2020 (unaudited) \$'000	30 September 2019 (unaudited) \$'000	31 March 2020 (audited) \$'000
<b>SEGMENT ASSETS</b>			
AWF	29,923	33,044	47,924
Madison, Absolute IT and JacksonStone & Partners	65,056	83,452	84,702
Total segment assets	94,979	116,496	132,626
Unallocated assets	1,708	2,040	2,643
<b>Total assets</b>	<b>96,687</b>	<b>118,536</b>	<b>135,269</b>

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments other than cash, cash equivalents and tax assets of the parent.

	30 September 2020 (unaudited) \$'000	30 September 2019 (unaudited) \$'000	31 March 2020 (audited) \$'000
<b>SEGMENT LIABILITIES</b>			
AWF	16,100	13,567	26,544
Madison, Absolute IT and JacksonStone & Partners	21,818	26,332	29,108
Total segment liabilities	37,918	39,899	55,652
Unallocated liabilities	21,447	44,389	45,883
<b>Total liabilities</b>	<b>59,365</b>	<b>84,288</b>	<b>101,535</b>

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the liabilities attributable to each segment. All liabilities are allocated to reportable segments other than bank loans and tax liabilities of the parent.

# **Accordant Group Limited (formerly AWF Madison Group Limited)**

Notes to the condensed consolidated interim financial statements

For the six month period ended 30 September 2020 (unaudited)

	6 months to 30 September 2020 (unaudited) \$'000	6 months to 30 September 2019 (unaudited) \$'000	6 months to 30 September 2020 (unaudited) \$'000	6 months to 30 September 2019 (unaudited) \$'000
<b>OTHER SEGMENT INFORMATION</b>				
	Depreciation, amortisation & impairment		Employee benefits & contractor costs	
AWF	952	1,014	21,293	46,507
Madison, Absolute IT and JacksonStone & Partners	1,666	2,271	59,557	79,742
Madison impairment	7,000	–	–	–
Unallocated	–	–	690	1,024
<b>Total</b>	<b>9,618</b>	<b>3,285</b>	<b>81,540</b>	<b>127,273</b>
	Non-current assets		Net additions to non-current assets	
AWF	16,259	17,210	–	5,035
Madison, Absolute IT and JacksonStone & Partners	49,649	58,224	(36)	22,140
Unallocated	–	128	(128)	–
<b>Total</b>	<b>65,908</b>	<b>75,562</b>	<b>(164)</b>	<b>27,175</b>

# **Accordant Group Limited (formerly AWF Madison Group Limited)**

Notes to the condensed consolidated interim financial statements  
For the six month period ended 30 September 2020 (unaudited)

## **GEOGRAPHICAL INFORMATION**

The Group operates in one geographical area, New Zealand (country of domicile). All revenues from external customers, and non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets are attributable to the Group's country of domicile.

## **INFORMATION ABOUT CUSTOMERS**

No one customer accounts for more than 10.0% of the Group's revenue and therefore the Group does not have a reliance on any one or more major customers (for the six month period ended 30 September 2019, the Group had one customer that individually accounted for 11.6% of Group revenue).

	6 months to 30 September 2020 (unaudited) \$'000	6 months to 30 September 2019 (unaudited) \$'000
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		
Revenue earned on temporary placements		
– AWF	33,669	49,505
– Madison, Absolute IT and JacksonStone & Partners	55,801	67,558
<b>Total revenue earned on temporary placements</b>	<b>89,470</b>	<b>117,063</b>
Revenue earned on permanent placements		
– AWF	386	965
– Madison, Absolute IT and JacksonStone & Partners	2,454	5,574
<b>Total revenue earned on permanent placements</b>	<b>2,840</b>	<b>6,539</b>
Revenue earned on a retained basis		
– Madison, Absolute IT and JacksonStone & Partners	2,082	1,444
<b>Total revenue earned on a retained basis</b>	<b>2,082</b>	<b>1,444</b>
Other service revenue		
– AWF	96	46
– Madison, Absolute IT and JacksonStone & Partners	11,450	14,134
<b>Total other service revenue</b>	<b>11,546</b>	<b>14,180</b>
<b>Total revenue</b>	<b>105,938</b>	<b>139,226</b>

# **Accordant Group Limited (formerly AWF Madison Group Limited)**

Notes to the condensed consolidated interim financial statements  
For the six month period ended 30 September 2020 (unaudited)

## **FINANCIAL INSTRUMENTS**

The carrying amounts of financial instruments at balance date approximate the fair value at that date.

## **CONTINGENT LIABILITIES**

The Bank has issued five guarantees on behalf of the Group totalling \$534,000 in support of property leases (4) and a surety bond to the NZX.

There were no other contingent liabilities as at 30 September 2020 or 30 September 2019.

	GROUP	
	6 months to 30 September 2020 (unaudited) \$'000	6 months to 30 September 2019 (unaudited) \$'000
<b>RECONCILIATION OF NET PROFIT AFTER TAX TO CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net profit after income tax</b>	3,712	1,321
<b>Adjustments for operating activities non-cash items:</b>		
Depreciation and amortisation	2,618	3,285
Impairment	7,000	–
Loss/(Gain) on disposal of property, plant and equipment	43	60
Movement in doubtful debts provision plus bad debt write off in current year	187	99
Movement in deferred tax	(333)	(506)
Equity-settled share-based payments	(124)	66
Interest on contingent consideration to the vendor of JacksonStone & Partners	62	–
<b>Total non-cash items</b>	9,453	3,004
<b>Movements in working capital excluding movements relating to purchase of subsidiaries:</b>		
(Increase)/decrease in trade and other receivables, and contract assets	28,587	5,185
Increase/(decrease) in trade and other payables, contract liabilities and provisions	(21,706)	(2,657)
Increase/(decrease) in taxation payable	1,904	22
<b>Total movement in working capital</b>	8,785	2,550
<b>Cash flow from operating activities</b>	<b>21,950</b>	<b>6,875</b>

## **Accordant Group Limited (formerly AWF Madison Group Limited)**

Notes to the condensed consolidated interim financial statements  
For the six month period ended 30 September 2020 (unaudited)

### **DIVIDENDS PAID**

On 8 June 2020 the directors' resolved not to declare a final dividend due to the economic uncertainty caused by the COVID-19 pandemic.

During the six months ended 30 September 2020, the group did not pay any dividends (six months ended 30 September 2019: \$2.806 million).

### **Group name change**

Effective 19 October 2020 the Group changed its name from AWF Madison Group Limited to Accordant Group Limited.

### **Other**

There were no other material events subsequent to reporting date.

### **EVENTS SUBSEQUENT TO REPORTING DATE**

#### **Interim dividend**

On 28 October 2020 the directors resolved not to declare an interim dividend due to the economic uncertainty caused by the COVID-19 pandemic (as described under 'Global pandemic of coronavirus disease 2019' in the notes to these interim financial statements).

# Directory

## Directors

Ross Keenan (Chairman & Independent Director)

Simon Hull (Non-independent Director)

Julia Hoare (Independent Director)

– resigned 30 June 2020

Wynnis Armour (Independent Director)

Nicholas Simcock (Independent Director)

Laurissa Cooney (Independent Director)

– appointed 1 August 2020

## Auditor

Deloitte Limited

Deloitte Centre

80 Queen Street

PO Box 33

Auckland

Phone: +64 9 309 4944

Fax: +64 9 309 4947

## Solicitors

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PwC Tower

15 Customs Street West

PO Box 105 249, Auckland 1143

New Zealand

DX CP24061

Phone: +64 9 353 9700

Fax: +64 9 353 9701

## Share Registry

Link Market Services

L11, Deloitte Centre

80 Queen St

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New Zealand

PO Box 91976

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or: 0800 377 388

## Registered Office

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Auckland City

Phone: +64 9 526 8770





**Registered Office of  
Accordant Group Limited**

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