

COMPANY ANNOUNCEMENT

12 August 2020

Reverse Corp Limited (ASX: REF) – 2020 Full Year Results Announcement

Reverse Corp Limited reports NPAT (net profit after tax) of \$1,445,517 for the year ending 30 June 2020.

The NPAT result reflects:

- An accounting profit on the sale of the Online Contact Lens business to Coastal Contacts (Aus) Pty Ltd of \$1,735,235 on 1 July 2019;
- 1800-Reverse closure costs, net of adjustments, of \$109,758; and
- REF shell running costs of \$179,960.

The holdback funds from the sale of the Online Contact Lens business were received on 1 July 2020 of \$140,000.

The Board has declared a final special dividend of 0.13 cents per share on 12 August 2020 payable on 2 September 2020.

Further to the ASX announcement on 23 February 2020, the Board has had no further discussions with any interested parties on the sale of the ASX shell.

The Company has the following assets:

- \$30,000 in cash; and
- \$3,243,242 in franking / imputation credits.

Reverse Corp Limited has 92,860,562 shares on issue and 430 shareholders.

Following this update, all Directors in office will resign and be replaced by a new Board of Directors as appointed by major shareholder, Q Services Holdings Limited.

By Order of the Board

Dion Soich
Company Secretary

REVERSE CORP LIMITED

ABN 16 085 949 855

Appendix 4E

Preliminary Final Report

for the year ended 30 June 2020
(compared to the year ended 30 June 2019)

Results for announcement to the market:

	Percentage Change	Amount \$
Revenue from ordinary activities	N/A	to \$3,197
Profit from ordinary activities after tax attributable to members	Up 177%	to \$1,445,517
Net Profit for the period attributable to members	Up 177%	to \$1,445,517

Brief explanation of any figures reported above necessary to enable the figures to be understood:

Refer to the accompanying Directors' report, financial statements and notes.

Dividend:

The Board has declared a 0.13c fully franked special dividend to be paid on 2 September 2020 with a record date of 19 August 2020.

	30 June 2020	30 June 2019
Net tangible assets per security:	\$0.002	\$0.014

Commentary on the Results for the Period:

Refer to the accompanying Directors' report, financial statements and notes.

Audit/Review Status:

This report is based on accounts to which one of the following applies:
(Tick one)

The accounts have been audited	<input checked="" type="checkbox"/>	The accounts have been subject to review	<input type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>

Reverse Corp Limited ABN 16 085 949 855
and Controlled Entities

Financial Report for the Financial Year Ended 30 June 2020

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2020.

Directors

The names of directors in office at any time during or since the end of the year are:

Mr Peter D Ritchie – Chairman

Mr Richard L Bell

Mr Gary B Hillberg

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The consolidated entity during the financial year had no principal activities following the closure of the Reverse Charge Calling business and the sale of the Online Contact Lens business on 30 June 2019 and 1 July 2019 respectively. The ASX has subsequently suspended the consolidated entity on 16 January 2020, until a new principal activity is re-established.

Operating Results

Net profit after tax (NPAT) for the year to 30 June 2020 was \$1,445,517, including discontinued operations compared to a net loss after tax of \$1,871,845 last year. The continuing operations incurred a net loss after tax of \$179,960, compared to a net loss after tax of \$1,341,998 last year.

The net profit after tax reflects the closure costs of the Reverse Charge Calling business, the profit on sale of the Online Contact Lens business and the ongoing costs to maintain the ASX listed shell.

Review of Operations

Reverse Charge Calling. Following the closure of the Reverse Charge Calling business on 30 June 2019, 1800-Reverse incurred service finalisation costs, net of any adjustments, of \$109,758 which covered closure costs and for final premises lease and associated costs. All IT hardware was sold or scrapped with proceeds totalling \$9,097. No further costs are expected to be incurred.

Online Contact Lenses. On 1 July 2019, the Online Contact Lens business was sold to Coastal Contacts (Aus) Pty Ltd for \$2,908,436. Upfront payments totalling \$2,768,436 were received with a hold back amount of \$140,000 due, subject to no warranty claims, on 1 July 2020. An accounting profit of \$1,735,235 has been recorded, with no income tax due.

Financial Position

The company generated operating cash outflows of (\$617,164) down 272% compared to the previous year of operating cash inflows of \$359,115. The consolidated entity has net cash at year-end of \$45,811.

Significant Changes in State of Affairs

In the opinion of the directors there were no other significant changes in the state of affairs of the consolidated entity during the financial year not otherwise disclosed in this report or the consolidated financial statements.

DIRECTORS' REPORT

Events arising since the end of the Reporting Period

The company received the holdback amount of \$140,000 from Coastal Contacts (Aus) Pty Ltd on 1 July 2020.

The Directors declared a 0.13c fully franked special dividend on 12 August 2020 payable on 2 September 2020.

The company continues to explore options for the sale or use of the listed shell.

No other matters or circumstances, other than the declared dividend have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely Developments, Prospects and Business Strategies

The Company has no operating businesses. The remaining company priorities are:

1. Identifying the best option for the sale or use of the existing ASX listed shell
2. Finalising the year-end special dividend payable on 2 September 2020

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

DIRECTORS' REPORT

Information on Directors

Mr Peter D Ritchie	— Chairman (Non-executive)
Qualifications	— B.Com, FCPA
Experience	— Company Chairman since inception in 1999. Previously founding Director, Chief Executive and Chairman of McDonald's Australia Limited. Other previous directorships include Westpac Bank Limited, Seven Group Holdings Limited and Solution Six Holdings Limited.
Interest in Shares and Options	— Nil.

Mr Gary B Hillberg	— Non-executive Director
Qualifications	— B.Bus (Marketing)
Experience	— Mr Hillberg has been a Board member since October 2005. He has over 30 years' experience in the Australian telecommunications industry and has held the roles of Chief Operating Officer and Group Managing Director with the company.
Interest in Shares and Options	— 250,356 Ordinary Shares in Reverse Corp Limited.

Mr Richard L Bell	— Non-executive Director
Qualifications	— LLB
Experience	— Mr Bell is Reverse Corp's founder and former Chief Executive and Board member since inception in 1999.
Interest in Shares and Options	— 1,959,777 Ordinary Shares in Reverse Corp Limited.

Company Secretary

Dion Soich is a Certified Practising Accountant and a Member of the Australian Institute of Directors. Dion has held senior positions with a number of leading companies and has a Bachelor of Commerce.

Dividends

During the financial year, a fully franked special dividend of \$2,553,666 (2.75c per share) that was paid on 2 September 2019 (2019: \$5,107,333).

Since the end of the financial year, the Board have declared a fully franked special dividend of \$120,000 (0.13c per share) to be paid on 2 September 2020.

DIRECTORS' REPORT

Meetings of Directors

The number of meetings of the company's Board of directors held during the year and the number of meetings attended by each director and committee member were:

	DIRECTORS' MEETINGS		DIRECTORS' MEETINGS			
	Number eligible to attend	Number attended	Audit and Risk		Remuneration and Nomination	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Peter D Ritchie	5	5	2	2	1	1
Mr Richard L Bell	5	5	2	2	1	1
Mr Gary B Hillberg	5	5	2	2	1	1

Environmental Issues

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory of Australia.

Indemnities given and insurance premiums paid to Auditors and Officers

During the year, until its expiry on 6 November 2019, Reverse Corp Limited paid a premium to insure officers of the Group. Since 6 November 2019, no cover is in place for Directors and no run-off cover was taken. The officers of the Group covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Unissued shares under option

At the date of this report, there are no unissued ordinary shares of Reverse Corp Limited under option.

During the year ended 30 June 2020, no shares were issued on the exercise of options. No further shares have been issued since the end of the year.

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

No options were issued to directors and executives and none were issued during 2019 or 2020 and none are outstanding as at 30 June 2020.

DIRECTORS' REPORT

Proceedings on Behalf of the Company

No person has applied for leave of Court under section 237 of the Corporations Act 2001 to bring proceedings on behalf of the company or 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 any part of those proceedings. The company was not a party to any such proceedings during the year.

Non-audit Services

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

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the APES 110: Code of Ethics for Professional accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid during the year ended 30 June 2020, or are payable, to the external auditors:

	Consolidated entity
	\$
Taxation and other services	\$0

Auditor's Independence Declaration

The lead auditor's independence declaration as per section 307C of the Corporations Act 2001 for the year ended 30 June 2020, which forms part of this report, has been received and can be found on page 10.

DIRECTORS' REPORT

Remuneration Report – Audited

The Directors of Reverse Corp Limited present the Remuneration Report for Non-Executive Directors and Key Management Personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporate Regulations 2001*.

There are currently no key management personnel employed at Reverse Corp Limited following the redundancies of the CEO and CFO on 1 July 2019. The Directors have agreed to no payments for fees in 2020 from 1 July 2019. The Directors have assumed full management control. As such an abridged remuneration report is provided and deemed suitable by the Board of directors.

(a) Details of remuneration for period ended 30 June 2020

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. Details of the nature and amount of each element of the remuneration of each Key management personnel of Reverse Corp Limited are shown in the table below:

Director and other Key Management Personnel remuneration									
Employee	Year	Short term employee benefits			Post-employment benefits	Termination benefits	Share-based payments	Total	Performance based percentage of remuneration
		Cash salary and fees	Cash Bonus	Non-monetary benefits	Superannuation	Termination Payments	Shares		
Non-Executive Directors									
Peter Ritchie	2020	-	-	-	-	-	-	-	0.0%
Independent Chairman	2019	86,957	-	-	8,261	-	-	95,218	0.0%
Richard Bell	2020	-	-	-	-	-	-	-	0.0%
Independent Director	2019	-	-	-	-	-	-	-	0.0%
Gary Hillberg	2020	-	-	-	-	-	-	-	0.0%
Independent Director	2019	54,795	-	-	5,205	-	-	60,000	0.0%
Key Management Personnel									
Charles Slaughter 1	2020	901	61,716	-	5,133	206,172	-	273,922	22.5%
Chief Executive Officer	2019	232,055	46,382	-	20,531	-	-	298,968	15.5%
Dion Soich 1	2020	760	59,775	-	5,133	162,042	-	227,710	26.3%
Chief Financial Officer	2019	195,668	16,580	-	19,236	-	-	231,484	7.2%
2020 Total	2020	1,661	121,491	-	10,266	368,214	-	501,632	
2019 Total	2019	569,475	62,962	-	53,233	-	-	685,670	

- Charles Slaughter and Dion Soich were made redundant on 1 July 2019. The termination benefits including in lieu of notice, redundancy payments and unused annual and long service leave totalled \$368,214 which was paid on 1 July 2019

(b) Bonuses included in remuneration

The details of the short-term incentive cash bonuses awarded as remuneration to each key management personnel are set out below. The performance criteria was the sale of the Contact Lenses Business.

	Included in remuneration (\$)
Key Management Personnel	
Charles Slaughter	61,716
Dion Soich	59,775

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

DIRECTORS' REPORT

(c) Voting and comments made at the Company's last Annual General Meeting

Reverse Corp received more than 99% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2019. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

The following table shows the gross revenue, profits and dividends for the last 5 years for the listed entity, as well as the share prices at the end of the respective financial years.

	2016	2017	2018	2019	2020
	\$	\$	\$	\$	\$
Revenue	6,939,083	6,024,898	8,057,347	7,606,242	3,350
Net Profit/(Loss)	1,559,089	300,373	(503,153)	(1,871,845)	1,445,517
Dividends paid (cents)	1.00	1.00	1.00	5.50	2.75
EPS (cents)	1.70	0.30	(0.50)	(2.02)	1.56
Share price at year-end	\$0.13	\$0.07	\$0.06	\$0.04	\$0.04

(d) Other information

Options held by Key Management Personnel

There are no options held by key management personnel at year end.

Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2020 reporting period held by each of the key management personnel, including their related parties, is set out below:

	Balance 1.7.19	Granted as Remuneration	Options Exercised	Other (1)	Balance 30.6.20
Peter Ritchie	4,722,234	-	-	(4,722,234)	-
Gary Hillberg	250,356	-	-	-	250,356
Richard Bell	18,259,777	-	-	(16,300,000)	1,959,777
Total	23,232,367	-	-	(21,022,234)	2,210,133

(1) Other refers to net shares purchased, forfeited or sold during the financial year

None of the shares included in the table above are held nominally by Key Management Personnel.

Loans to Key Management Personnel

There are no individuals with loans during the financial year.

End of Remuneration Report

DIRECTORS' REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in dark ink, appearing to read 'Peter Ritchie', is positioned above the printed name and title.

Mr. Peter Ritchie
Chairman

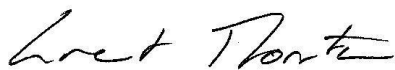
Dated this 12th day of August 2020

Auditor's Independence Declaration

To the Directors of Reverse Corp Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Reverse Corp Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



A F Newman
Partner – Audit & Assurance

Brisbane, 12 August 2020

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Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Entity	
		2020	2019
		\$	\$
Revenue			-
Interest income	2	3,197	42,496
Employee benefits expense		-	(637,965)
Other expenses		(183,157)	(447,575)
Finance costs		-	(1,695)
Profit/(loss) before income tax		(179,960)	(1,044,739)
Income tax (expense)/benefit	4	-	(297,259)
Profit/(loss) for the year from continuing operations		(179,960)	(1,341,998)
Profit/(loss) for the year from discontinued operations	16c	1,625,477	(529,847)
Profit/(loss) for the year		1,445,517	(1,871,845)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Income tax on other comprehensive income		-	-
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		1,445,517	(1,871,845)
Profit/(loss) for the year attributable to:			
Owners of the parent		1,445,517	(1,871,845)
Other comprehensive income for the year attributable to:			
Owners of the parent		-	-
Total comprehensive income for the year attributable to owners of the parent:			
Continuing operations		(179,960)	(1,341,998)
Discontinuing operations		1,625,477	(529,847)
		1,445,517	(1,871,845)

The accompanying notes form part of these financial statements

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	Consolidated Entity	
		2020	2019
		\$	\$
Earnings per share	7		
Basic earnings per share		0.0156	(0.0202)
Earnings from continuing operations		(0.0019)	(0.0145)
Earnings from discontinuing operations		0.0175	(0.0057)
Diluted earnings per share		0.0156	(0.0202)
Earnings from continuing operations		(0.0019)	(0.0145)
Earnings from discontinuing operations		0.0175	(0.0057)

The accompanying notes form part of these financial statements.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

		Consolidated Entity	
	Note	2020	2019
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	45,811	374,039
Trade and other receivables	8	141,171	-
Inventories		-	-
Assets and disposal group classified as held for sale		-	1,844,616
Other current assets		-	11,847
TOTAL CURRENT ASSETS		186,982	2,230,502
TOTAL ASSETS		186,982	2,230,502
CURRENT LIABILITIES			
Trade and other payables	9	18,742	204,148
Current tax liabilities		-	(73,075)
Liabilities included in disposal group held for sale		-	454,828
Short-term employee benefits		-	368,214
TOTAL CURRENT LIABILITIES		18,742	954,115
TOTAL LIABILITIES		18,742	954,115
NET ASSETS		168,238	1,276,387
EQUITY			
Share capital	13	3,576,084	3,576,084
Retained earnings		(3,407,846)	(2,299,697)
TOTAL EQUITY		168,238	1,276,387

The accompanying notes form part of these financial statements.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Note	Share capital	Other components of equity	Retained earnings	Total attributable to owners of parent	Non- controlling interest	Total Equity
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2019		3,576,084	-	(2,299,697)	1,276,387	-	1,276,387
Dividend payments	6	-	-	(2,553,666)	(2,553,666)	-	(2,553,666)
Transactions with owners		-	-	(2,553,666)	(2,553,666)	-	(2,553,666)
Profit for the period		-	-	1,445,517	1,445,517	-	1,445,517
Total comprehensive income for the period		-	-	-	-	-	-
Balance at 30 June 2020		3,576,084	-	(3,407,846)	168,238	-	168,238
Balance at 1 July 2018		3,576,084	443,715	4,407,799	8,427,598	(102,033)	8,325,565
Dividend payments	6	-	-	(5,107,333)	(5,107,333)	-	(5,107,333)
Acquisition of non-controlling interest in Oz Contacts Pty Ltd		-	-	(172,033)	(172,033)	102,033	(70,000)
Option reserve transferred to retained earnings		-	(443,715)	443,715	-	-	-
Transactions with owners		-	(443,715)	(4,835,651)	(5,279,366)	102,033	(5,177,333)
Loss for the period		-	-	(1,871,845)	(1,871,845)	-	(1,871,845)
Total comprehensive income for the period		-	-	(1,871,845)	(1,871,845)	-	(1,871,845)
Balance at 30 June 2019		3,576,084	-	(2,299,697)	1,276,387	-	1,276,387

The accompanying notes form part of these financial statements.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

**CASH FLOW STATEMENT
FOR YEAR ENDED 30 JUNE 2020**

		Consolidated Entity	
	Note	2020	2019
		\$	\$
OPERATING ACTIVITIES			
Receipts from customers		-	-
Payments to suppliers and employees		(240,872)	(1,203,882)
Taxes (paid) refunded		73,075	143,265
Net cash used in continuing operations		(167,797)	(1,060,617)
Net cash from discontinuing operations	16c	(449,367)	1,419,732
Net cash from (used in) operating activities	14	(617,164)	359,115
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		9,097	1,743
Proceeds from sale of subsidiaries, net of cash	16a	2,701,423	-
Interest received		4,946	45,290
Payments for intangible assets		-	(38,044)
Payment for minority interest		-	(70,000)
Net cash used in investing activities		2,715,466	(61,007)
FINANCING ACTIVITIES			
Interest paid		-	(2,997)
Dividends paid		(2,553,666)	(5,107,333)
Net cash used in financing activities		(2,553,666)	(5,110,330)
Net change in cash and cash equivalents		(455,364)	(4,812,222)
Cash and cash equivalents at beginning of financial year		501,175	5,313,397
		45,811	501,175
Included in disposal group		-	(127,136)
Cash and cash equivalents at end of financial year	10	45,811	374,039

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the consolidated entity of Reverse Corp Limited and controlled entities ("consolidated group" or "group"). Reverse Corp Limited is a listed public company, incorporated and domiciled in Australia. Reverse Corp Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report of Reverse Corp Limited and controlled entities comply with all Australian Accounting Standards, which ensures that the financial report comprising the financial statements and the notes thereto, complies with International Financial Reporting Standards (IFRS).

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

The financial report has not been prepared on a going concern basis and has been prepared on an alternative basis of an orderly realisation of the Group's assets and settlement of its liabilities over the period required to achieve an orderly realisation of assets and settlement of liabilities ("orderly realisation basis"). Following the Board's decision to return a dividend to shareholders of \$120,000 expected to be paid in September 2020, the Group's remaining cash reserves will be depleted during the 2021 financial year. As such the directors have determined the going concern basis of preparation is not appropriate.

Given the current state of the Group this alternative basis had not resulted in any material differences to the recognition and measurement of assets and liabilities to the accounting policies previously applied.

Except for the cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

Basis of Consolidation

The Group financial statements consolidate those of the parent entity and all of its subsidiaries as of 30 June 2020. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from the involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All subsidiaries have a reporting date of 30 June.

All balances and transactions between Group companies in the consolidated entity have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(a) Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the statement of financial position date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

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

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

Reverse Corp Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Reverse Corp Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The group notified the Australian Taxation Office on 9 December 2004 that it had formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered into a tax sharing agreement and a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

Prior to lodging its 2018 income tax return, the Reverse Corp Tax Group elected to add the Oz Contacts Tax Group to the tax consolidation group effective 1 July 2017 until its sale on 1 July 2020.

(c) Financial Instruments

Recognition

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transactional costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below:

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset and substantially all of the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

Impairment of financial assets

AASB 9's new impairment model use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(c) Financial Instruments (cont.)

the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a type of receivable basis as they possess credit risk characteristics based on the class of receivable. The Group provides for all receivables it deems unlikely to collect after 60 days and write off fully all amounts when the likelihood of collection is less than 5%.

All financial assets, except for those at fair value through profit or loss (FVPL) and equity investments at fair value through other comprehensive income (equity FVOCI), are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

The Group doesn't designate any interest in subsidiaries as being subject to the requirements of AASB 9

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(d) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(f) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Reverse Corp Limited and its wholly-owned Australian subsidiaries have formed a GST group effective 1 April 2003. The impact of forming a GST group is GST is not charged on taxable supplies between members of the group.

(h) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(i) Going Concern

Subsequent, to year end the Board has determined to return a dividend to shareholders of \$120,000 expected to be paid in September 2020. After payment of this dividend the Group's current cash reserves are expected to be depleted in approximately 6 months. As such the Directors have determined that the going concern basis of preparation is not appropriate.

The Board will continue its endeavours exploring options for the Group including but not limited to: wind up the listed entity, seek a sale of the listed shell or delisting to reduce compliance costs.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Entity	
		2020	2019
		\$	\$
Note 2: Revenue			
Other income			
— Interest received from other corporations		3,197	42,496
— Other income		-	-
Other income		3,197	42,496

Note 3: Expenses

Rental expenses on operating leases:

 — Short term lease expense

	50,826	116,664
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Finance costs:

 — External

	-	1,695
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Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Entity	
		2020	2019
		\$	\$
<hr/>			
Note 4: Income Tax Expense			
(a) The components of tax expense/(benefit) comprise:			
Current tax		-	17,910
Deferred tax	12	-	515,660
Under/(over) provision in respect of prior years		-	(236,311)
<hr/>			
Income tax expense/(benefit) from continuing operations		-	297,259
<hr/>			
Deferred tax expense recognised in other comprehensive income		-	-
 (b) The prima facie tax on profit/(loss) before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit/(loss) before income tax at 27.5% (2019: 27.5%)		(49,489)	(287,303)
 Add:			
Tax effect of:			
— Tax losses not recognised	12	49,576	133,274
— Other non-allowable/(deductible) items		(87)	(236,311)
— Derecognition of deferred tax assets and liabilities	12	-	687,599
— Under/ (over) provision in respect of prior years		-	-
<hr/>			
Income tax expense/(benefit)		-	297,259
<hr/>			
The applicable weighted average effective tax rates are as follows:			
		N/A	N/A
<hr/>			

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated Entity	
	2020	2019
	\$	\$
<hr/> Note 5: Auditors' Remuneration		
Remuneration of the auditor of the parent entity for:		
— Auditing or reviewing the financial report	29,500	76,208
— Taxation services provided by related practice of auditor	-	59,950

	Consolidated Entity	
	2020	2019
	\$	\$
<hr/> Note 6: Dividends		
Dividends Paid	2,553,666	5,107,333
Fully franked dividend (2020: 2.75c per share 2019:5.5c per share)	2,553,666	5,107,333
<hr/>		
Balance of franking account at year end:	3,243,242	4,284,948
— Adjustment for franking credits arising from payment of provision for income tax	-	(20,096)
<hr/>		
Balance of franking account after post balance date adjustments	3,243,242	4,264,852
<hr/>		
The tax rate at which dividends have been franked is 27.5%.		

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

		Consolidated Entity	
		2020	2019
		\$	\$
Note 7: Earnings per Share			
(a)	Reconciliation of Earnings to Profit/(Loss)		
	Profit/(loss)	1,445,517	(1,871,845)
	Earnings used to calculate basic EPS	1,445,517	(1,871,845)
	Earnings used in the calculation of dilutive EPS	1,445,517	(1,871,845)
		No	No
(b)	Weighted average number of ordinary shares during the year used in calculating basic EPS	92,860,562	92,860,562
	Weighted average number of options outstanding	-	-
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	92,860,562	92,860,562

		Consolidated Entity	
		2020	2019
		\$	\$
Note 8: Trade and Other Receivables			
CURRENT			
	Sundry Debtors	8a 140,000	-
	GST Receivable	1,171	-
		141,171	-
(a) Holdback amount from Online Contact Lens business sale			

		Consolidated Entity	
		2020	2019
		\$	\$
Note 9: Trade and Other Payables			
CURRENT			
	Trade payables	9a 2,592	90,297
	Sundry payables and accrued expenses	16,150	113,851
		18,742	204,148
(a) Current trade payables are on 30-day terms.			

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated Entity	
	2020 \$	2019 \$
Note 10: Cash and Cash Equivalents		
Cash at bank and on hand	45,811	540
Short-term deposits	-	373,499
	45,811	374,039

For the purposes of the Cash Flow Statement, cash and cash equivalents are comprised as above.

The effective interest rate on cash at bank and short-term bank deposits was 0.5% (2019: 0.7%).

Note 11: Controlled Entities

(a) Unlisted investments, at cost:	Principal activities	Country of Incorporation	Ownership Interest	
			2020 %	2019 %
1800 Reverse Pty Ltd	Dormant Entity	Australia	100	100
0800 Reverse Pty Ltd (v)	Dormant Entity	Australia	0	100
Oz Contacts Pty Ltd (iv)	Online Contact Lenses	Australia	0	100
Net Optical (Aust.) Pty Ltd (i) (iv)	Online Contact Lenses	Australia	0	100
Webcontacts Pty Ltd (i)(iii)(iv)	Online Contact Lenses	Australia	0	100
1800 Reverse Operations Pty Ltd (ii)	Dormant Entity	Australia	100	100
15-15 Pty Ltd (v)	Dormant Entity	Australia	0	100
Yourcontacts Pty Ltd (i) (iv)	Online Contact Lenses	Australia	0	100

(i) Subsidiary of Oz Contacts Pty Ltd

(ii) Subsidiary of 1800 Reverse Pty Ltd

(iii) Formerly known as Online Contact Lenses (Aust.) Pty Ltd

(iv) Part of Contact Lenses Business Sale to Coastal Contacts

(v) Subsidiaries deregistered with ASIC on 6 November 2019

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Entity	
		2020	2019
		\$	\$
Note 12: Tax			
(a) Current			
Income tax payable/(receivable)		-	(73,075)

(b) Income Tax

The Group has the following carried forward tax losses which are potentially uncertain to be available due to other requirements that need to be met including the Same Business Test and Continuity of Ownership Test as well as generating future profits.

The total of the tax losses are \$2.23m (2019: \$2.07m) (potential Deferred Tax Asset of \$618,750).

(c) Capital Gains Tax

Due to the wind up of dormant foreign entities during 2011 the group realised capital tax losses. As a result a deferred tax asset of \$748,000 was generated. This asset, and the corresponding deferred tax benefit, have not been recognised. In 2017 the capital gain on sale of financial assets from the sale of the Onthehouse shares was utilised against the groups realised capital losses (\$207,347). The remaining amount is available for the tax consolidated group to utilise should the group incur a further capital tax gain in future years. In 2019 an additional capital loss was incurred on the sale of the Online Contact Lens business of \$600,601.

The total of the capital tax losses are \$2.38m (potential Deferred Tax Asset of \$653,498).

	Note	Consolidated Entity	
		2020	2019
		\$	\$
Note 13: Issued Capital			
92,860,562 (2019: 92,860,562)			
Fully paid Ordinary shares	13(a)	3,576,084	3,576,084
		3,576,084	3,576,084

(a) Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid upon shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

	2020	2019
	No.	No.
At the beginning of reporting period	92,860,562	92,860,562
Shares bought back during the year	-	-
At reporting date	92,860,562	92,860,562

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated Entity	
	2020	2019
	\$	\$
Note 14: Cash Flow Information		
Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax		
Profit/(loss) after income tax	1,445,517	(1,871,845)
Items reclassified in cash flow statement (Interest received and interest paid)	(4,946)	(42,293)
Non-cash flows in profit /(loss)		
Amortisation	-	426,754
Depreciation	682	38,177
Net gain on sale of subsidiaries	(1,735,235)	-
Net (profit)/loss on disposal of property, plant and equipment	9,315	1,789
Credit losses	-	214,577
Stock adjustment	-	15,067
Redundancy provisions	-	256,396
Impairment of intangibles	1,618	338,004
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	213,817	64,831
(Increase)/decrease in inventories	-	552,247
(Increase)/decrease in prepayments	16,701	16,243
(Increase)/decrease in other assets	50	521,748
Increase/(decrease) in trade payables and accruals	(114,939)	(251,873)
Increase/(decrease) in income taxes payable	73,075	(136,322)
Increase/(decrease) in deferred taxes payable	-	(4,403)
Increase/(decrease) in other payables	(154,605)	277,957
Increase/(decrease) in provisions	(368,214)	(57,939)
Cash flow from/(used in) operations	(617,164)	359,115

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 15: Events After the Balance Sheet Date

The company received the holdback amount of \$140,000 from Coastal Contacts (Aus) Pty Ltd on 1 July 2020.

The Directors declared a 0.13c fully franked special dividend on 12 August 2020 payable on 2 September 2020.

No other matters or circumstances, other than the Online Contact Lenses business sale, executive staff redundancies and the declared dividend have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

The financial report was authorised for issue on 12 August 2020 by the Board of directors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 16: Disposals and discontinued operations**(a) Online Contact Lenses**

On 1 July 2019, The Group disposed of its 100% equity interests in subsidiary Oz Contacts Pty Ltd and its subsidiaries Net Optical (Aust) Pty Ltd, Webcontacts Pty Ltd and Yourcontacts Pty Ltd ("Oz Contacts Pty Ltd and its subsidiaries") to Coastal Contacts (Aus) Pty Ltd as a going concern. Oz Contacts Pty Ltd and its subsidiaries were classified as held for sale in the 2019 financial statements.

The consideration for the disposal is \$2,908,436. Upfronts payments of \$2,713,208 and \$55,228 were received on 1 July 2019 and 5 September 2019 respectively. The remaining amount of \$140,000 is to be held back by Coastal Contacts (Aus) Pty Ltd for a period of twelve months to cover any breach of warranty claims against the Group.

The carrying amount of the net assets of Oz Contacts Pty Ltd and its subsidiaries at the date of disposal were as follows:

	\$
Non-current assets	
Property, plant and equipment	9,092
Goodwill	145,038
Other intangibles	911,675
Current assets	
Trade and other receivables	11,765
Inventories	372,343
Other current assets	28,135
Total assets	1,478,048
Current Liabilities	
Trade and other payables	371,860
Total liabilities	371,860
Total net assets	1,106,188
Consideration received in cash	2,768,436
Cash and cash equivalents disposed of	67,013
Net cash received (Upfront)	2,701,423
Hold back consideration receivable in cash [^]	140,000
Net Cash receivable (Inc. Hold back amount)	2,841,423

[^] Hold back amount was received on 1 July 2020 has been recorded as a sundry receivable in Reverse Corp Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 16: Disposals and discontinued operations (cont.)

Operating profit/(loss) of Oz Contacts Pty Ltd and its subsidiaries until the date of disposal and the gain on the sale of the disposal is summarised as follows:

	2020	2019
	\$	\$
Revenue	-	5,451,719
Other revenue	-	4,130
Direct costs associated with revenue	-	(4,772,566)
Employee benefits expense	-	(483,708)
Depreciation and amortisation expense	-	(429,979)
Impairment of intangibles	-	(3,525)
Other costs	-	(371,517)
Finance costs	-	(473)
Loss from discontinued operations before tax	-	(605,919)
Tax benefit	-	149,039
Loss for the year	-	(456,880)
Loss for the year from discontinued operations	-	(456,880)
Gain on sale ¹	1,735,235	-

¹ The parent entity recorded a gain on sale of the Online Contact Lens Business which has been included in the profit for the year from discontinued operations.

Cash flows generated by Oz Contacts Pty Ltd and its subsidiaries for the reporting periods under review until disposal are as follows:

	2020	2019
	\$	\$
Operating activities	-	911,530
Financing activities	-	(37,244)
Cash flow from discontinued operations	-	874,286

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 16: Disposals and discontinued operations (cont.)

(b) Reverse Charge Calls

Following the discontinuation of the reverse charge calls service on 30 June 2019, there has been further closure costs, net of any adjustments, of \$109,758 were incurred to cover closure of data centres, final lease payments, customer service costs, decommissioning of key IT equipment and legal fees in the 2020 financial year.

Closure costs net of any adjustments of 1800 Reverse Pty Ltd and its subsidiaries is summarised as follows:

	2020	2019
	\$	\$
Revenue	3,350	2,154,523
Other revenue	1,999	2,794
Direct costs associated with revenue	(10,753)	(491,771)
Employee benefits expense	(11,214)	(776,171)
Credit losses	-	(214,577)
Depreciation and amortisation expense	(682)	(34,952)
Impairment of intangibles	(1,618)	(334,479)
Other costs	(90,840)	(289,654)
Finance costs	-	(828)
Profit/(loss) from discontinued operations before tax	(109,758)	14,885
Tax benefit/(expense)	-	(87,852)
Loss for the year from discontinued operations	(109,758)	(72,967)

Cash flows generated by 1800 Reverse Pty Ltd and its subsidiaries for the reporting periods under review are as follows:

	2020	2019
	\$	\$
Operating activities (i)	(449,367)	508,202
Financing activities	-	3,738
Cash flow from / (used in) discontinued operations	(449,367)	511,940

- (i) Cash flow from operating activities includes staff redundancy and associated payments accrued in the 30 June 2019 financial reports.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 16: Disposals and discontinued operations (cont.)

(c) Total

	2020	2019
	\$	\$
Revenue	3,350	7,606,242
Other revenue	1,999	6,924
Direct costs associated with revenue	(10,753)	(5,264,337)
Employee benefits expense	(11,214)	(1,259,879)
Credit losses	-	(214,577)
Depreciation and amortisation expense	(682)	(464,931)
Impairment of intangibles	(1,618)	(338,004)
Other costs	(90,840)	(661,170)
Finance costs	-	(1,302)
Loss from discontinued operations before tax	(109,758)	(591,034)
Tax benefit / (expense)	-	61,187
Loss for the year	(109,758)	(529,847)
Loss for the year from discontinued operations	(109,758)	(529,847)
Gain on sale ¹	1,735,235	-

¹ The parent entity recorded a gain on sale of the Online Contact Lens Business which has been included in the profit for the year from discontinued operations.

	2020	2019
	\$	\$
Operating activities	(449,367)	1,419,732
Financing activities	-	(33,506)
Cash flow from/(used in) discontinued operations	(449,367)	1,386,226

Note 17: Company Details

The registered office and principal place of business of the company is:

Level 1, 300 Queen Street
Brisbane QLD 4000

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 18: New and revised standards that are effective for these financial statements

(a) Changes in Accounting policies – new and amended standards adopted by the Group

The following new standards are effective for the reporting period ended 30 June 2020.

Interpretation 23 – Uncertainty over Income Tax Treatments

Interpretation 23 – Uncertainty over Income Tax Treatments requires that companies consider potential for adverse tax determinations being made by taxing authorities while under a hypothetical tax review and record a liability (and expense) where such finding is considered “probable”.

The new interpretation has no impact on the financial statements.

AASB 16 – Leases

AASB 16 replaces AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a lease*, Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions involving a Legal Form of a Lease*. The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The new standard introduces three main changes:

- (i) Enhanced guidance on identifying whether a contract contains a lease;
- (ii) A new leases accounting model for lessees that require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets; and
- (iii) Enhanced disclosures.

The only lease on foot at 30 June 2019 ended in December 2019, as such the company has applied the transition provisions and accounted for a lease ending within 12 months of the date of initial application as a short term lease.

The Group at balance date had no leases so the standard has no impact on the financial statements.

(b) New standards Issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2020 reporting period and have not been adopted early by the Group. The Group's assessment of the impact of these new standards and interpretations is that they will have no impact on the Group:

Accounting Standards issued but not yet effective and not been adopted early by the Group	Effective date
AASB 17 <i>Insurance Contracts</i>	1 January 2021
AASB 2018-6 – <i>Amendments to Australian Accounting Standards – Definition of a Business</i>	1 January 2020
AASB 2018-7 – <i>Amendments to Australian Accounting Standards – Definition of a Business</i>	1 January 2020
AASB 2019-1 – <i>Amendments to Australian Accounting Standards – References to the Conceptual Framework</i>	1 January 2020

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Reverse Corp Limited ABN 16 085 949 855 and Controlled Entities

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the attached financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001;
 - (b) Include an explicit statement in the notes to the financial statements that the financial statements comply with International Financial Reporting Standards (IFRS); and
 - (c) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the company and consolidated entity;
2. the Chief Executive Officer and Chief Financial Officer have declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Mr. Peter Ritchie
Chairman

Dated this 12th day of August 2020

Independent Auditor's Report

To the Members of Reverse Corp Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Reverse Corp Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- b 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of matter – Realisation basis of accounting

We draw attention to Note 1 Basis of Preparation, which indicates that the Group's financial statements has been prepared on an alternative basis of preparation (orderly realisation basis), which has arisen due to events in Note 1(i) Going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Except for the matter described in the Emphasis of matter – Realisation basis of accounting section, we have determined that there are no other key audit matters to communicate in our report.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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. 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 7 to 8 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Reverse Corp Limited, for the year ended 30 June 2020 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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



A F Newman
Partner – Audit & Assurance
Brisbane, 12 August 2020