Universal Store Pty Ltd

ABN 89 085 003 158

Special purpose financial report for the year ended 30 June 2018

Universal Store Pty Ltd ABN 89 085 003 158
Special purpose financial report - 30 June 2018

Contents

Your director presents his report on Universal Store Pty Ltd (referred to hereafter as "the Company") for the year ended 30 June 2018.

Directors

Gregory J Josephson was the director of Universal Store Pty Ltd during the whole of the financial year and up to the date of this report.

Principal activities

During the year the principal continuing activities of the Company consisted of fashion retailing.

Dividends

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

	2018 $	2017 $
Final ordinary dividend	**6,960,000**	2,320,000

Review of operations

The profit from ordinary activities after income tax amounted to $9,984,825 (2017: $5,542,914).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Event since the end of the financial year

No matter or circumstance has arisen since 30 June 2018 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

In the foreseeable future it is expected that the Company will continue its principal activity as described above.

Environmental regulation

The Company is not affected by any significant environmental regulation in respect of its operations.

Shares under option

No options were granted at the date of this report.

Insurance of officers and indemnities

During the financial year, Universal Store Pty Ltd did not pay a premium to insure the director and secretary of the Company.

Proceedings on behalf of the company

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Instrument to the nearest dollar.

This report is made in accordance with a resolution of directors.

Gregory J Josephson
Director

Brisbane
3 August 2018

Auditor's Independence Declaration

As lead auditor for the audit of Universal Store Pty Ltd for the year ended 30 June 2018, 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.

Andrew Weeden
Partner
PricewaterhouseCoopers

Brisbane
3 August 2018

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Contents

These financial statements are the financial statements of Universal Store Pty Ltd as an individual entity. The financial statements are presented in the Australian dollar ($).

Universal Store Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:
Universal Store Pty Ltd
C/- Cambio Group
9 Ouyan Street,
Bundall, Queensland, 4217.

Its principal place of business is:
Universal Store Pty Ltd
6/2 Jenner Street,
Nundah, Queensland, 4012.

A description of the nature of the entity's operations and its principal activities is included in the directors' report on page 1, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 3 August 2018. The directors have the power to amend and reissue the financial statements.

	Notes	2018 $	2017 $
Revenue from continuing operations		**112,361,681**	87,813,122
Expenses		**(98,091,794)**	(79,825,386)
Profit before income tax		**14,269,887**	7,987,736
Income tax expense		**(4,285,062)**	(2,444,822)
Profit for the year		**9,984,825**	5,542,914
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**9,984,825**	5,542,914
Total comprehensive income for the year is attributable to:			
Owners of Universal Store Pty Ltd		**9,984,825**	5,542,914

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

Universal Store Pty Ltd
Statement of financial position
As at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current assets			
Cash and cash equivalents	2	**3,802,368**	1,279,844
Trade and other receivables	3	**1,116,239**	1,134,952
Inventories	4	**13,828,947**	12,420,979
Total current assets		**18,747,554**	14,835,775
Non-current assets			
Property, plant and equipment	5	**9,476,258**	7,864,141
Intangible assets		**14,068**	-
Deferred tax assets		**878,946**	459,765
Total non-current assets		**10,369,272**	8,323,906
Total assets		**29,116,826**	23,159,681
LIABILITIES			
Current liabilities			
Trade and other payables	6	**7,260,214**	6,395,510
Borrowings	7	**1,062,974**	1,162,552
Current tax liabilities		**1,385,604**	781,447
Provisions	8	**1,121,930**	922,018
Deferred revenue		**462,798**	182,377
Total current liabilities		**11,293,520**	9,443,904
Non-current liabilities			
Borrowings	7	**272,000**	-
Deferred income		**791,736**	-
Provisions	8	**154,312**	135,344
Total non-current liabilities		**1,218,048**	135,344
Total liabilities		**12,511,568**	9,579,248
Net assets		**16,605,258**	13,580,433
EQUITY			
Share capital	9	**21,278**	21,278
Retained earnings		**16,583,980**	13,559,155
Total equity		**16,605,258**	13,580,433

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

	Notes	Contributed equity $	Retained earnings $	Total equity $
Balance at 1 July 2016		21,278	10,336,241	10,357,519
Profit for the year		-	5,542,914	5,542,914
Total comprehensive income for the year		**-**	**5,542,914**	**5,542,914**
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	10	-	(2,320,000)	(2,320,000)
Balance at 30 June 2017		**21,278**	**13,559,155**	**13,580,433**
Balance at 1 July 2017		21,278	13,559,155	13,580,433
Profit for the year		-	9,984,825	9,984,825
Total comprehensive income for the year		**-**	**9,984,825**	**9,984,825**
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	10	-	(6,960,000)	(6,960,000)
Balance at 30 June 2018		**21,278**	**16,583,980**	**16,605,258**

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

Universal Store Pty Ltd
Statement of cash flows
For the year ended 30 June 2018

	Notes	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**124,888,827**	96,807,240
Payments to suppliers and employees (inclusive of goods and services tax)		**(107,573,133)**	(86,786,956)
		17,315,694	10,020,284
Interest received		**17,313**	16,144
Interest paid		**(139,034)**	(135,776)
Income taxes paid		**(4,100,086)**	(3,082,745)
Net cash inflow from operating activities	14(a)	**13,093,887**	6,817,907
Cash flows from investing activities			
Payments for property, plant and equipment		**(4,662,628)**	(6,329,857)
Payments for intangibles		**(14,068)**	-
Loans to related parties		**136**	2,682
Proceeds from sale of property, plant and equipment		**892,911**	2,105,500
Net cash (outflow) from investing activities		**(3,783,649)**	(4,221,675)
Cash flows from financing activities			
Proceeds from borrowings	14(b)	**1,052,142**	2,943,472
Repayment of borrowings	14(b)	**(879,856)**	(3,112,781)
Dividends paid to Company's shareholders		**(6,960,000)**	(2,320,000)
Net cash (outflow) from financing activities		**(6,787,714)**	(2,489,309)
Net increase in cash and cash equivalents		**2,522,524**	106,923
Cash and cash equivalents at the beginning of the financial year		**1,279,844**	1,172,921
Cash and cash equivalents at end of year	2	**3,802,368**	1,279,844

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

1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Universal Store Pty Ltd.

(a) Basis of preparation

(i) Special purpose financial report

In the directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports.

This is a special purpose financial report that has been prepared for the sole purpose of complying with the *Corporations Act 2001* requirements to prepare and distribute a financial report to the members and must not be used for any other purpose.

The financial report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and other mandatory professional requirements in Australia. It contains only those disclosures considered necessary by the directors to meet the needs of the members. Universal Store Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

(ii) Historical cost convention

These financial statements have been prepared under the historical cost basis.

(iii) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for first time in their annual reporting period commencing 1 July 2017:

- AASB 2016-1 *Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses*
- AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107*, and
- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle*.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2017 had any impact on the current period or any prior period and are not likely to affect future periods. The amendments to AASB 107 require disclosure of changes in liabilities arising from financing activities, see note 14(b).

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by Company
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	Following the changes approved by the AASB in December 2014, the Company no longer expects any impact from the new classification, measurement and derecognition rules on the Company's financial assets and financial liabilities. There will also be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities.	Must be applied for financial years commencing on or after 1 January 2018. The Company will apply the new rules retrospectively from 1 July 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by Company
AASB 15 *Revenue from Contracts with Customers*	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.	At this stage, the Company has estimated the impact of the new rules on the Company's financial statements. The Company does not expect a material impact.	Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the Company: 1 July 2018. The Company intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 July 2018 and that comparatives will not be restated.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by Company
AASB16 - Leases	AASB 16 specifies how to recognise, measure, present and disclose leases. The updated standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases. However, if the term is 12 months or less or the underlying asset has a low value, lessors can continue to classify leases as operating or finance. AASB 16's approach to lessor accounting remains substantially unchanged from its predecessor.	The standard will affect primarily the accounting for the Company's operating leases. However, the Company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Company does not intend to adopt the standard before its effective date. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Expected date of adoption by the Company: 1 July 2019.

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.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised for the major business activities using the methods outlined below.

Sale of goods - retail

Revenue is recognised upon the provision of goods and services to the customer. Sale of goods is usually by credit card or cash.

(c) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1 Summary of significant accounting policies (continued)

(c) Income tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

(d) Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(e) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(f) Cash and cash equivalents

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

1 Summary of significant accounting policies (continued)

(g) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(h) Inventories

Inventory is stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts and are assigned to quantities of inventory on hand on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Property, plant and equipment

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

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

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

- Property, plant and equipment 3 - 15 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(e)).

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

1 Summary of significant accounting policies (continued)

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(k) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

(l) Provisions

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

(m) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

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

(n) Contributed equity

Ordinary shares are classified as equity.

1 Summary of significant accounting policies (continued)

(o) Dividends

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

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

(q) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest dollar.

2 Cash and cash equivalents

	2018 $	2017 $
Current assets		
Cash on hand	**38,352**	35,777
Cast at bank	**3,764,016**	1,244,067
	3,802,368	1,279,844

3 Trade and other receivables

	2018 $	2017 $
Other receivables	**483,296**	729,790
Prepayments and deposits	**632,943**	405,162
	1,116,239	1,134,952

4 Inventories

	2018 $	2017 $
Current assets		
Stock on hand at cost	**14,132,923**	12,631,425
Valuation provision	**(156,627)**	(151,386)
Shrinkage provision	**(147,349)**	(59,060)
	13,828,947	12,420,979

5 Property, plant and equipment

	2018 $	2017 $
Property, plant and equipment		
Cost	**17,766,441**	14,626,569
Accumulated depreciation	**(8,290,183)**	(6,762,428)
	9,476,258	7,864,141

6 Trade and other payables

	2018 $	2017 $
Current liabilities		
Trade payables	**4,213,519**	4,460,977
GST payable	**1,737,170**	1,206,930
Accrued expenses	**1,309,525**	727,603
	7,260,214	6,395,510

7 Borrowings

	2018 Current $	2018 Non-current $	2018 Total $	2017 Current $	2017 Non-current $	2017 Total $
Secured						
Bank loans	**672,000**	**272,000**	**944,000**	771,714	-	771,714
Total secured borrowings	**672,000**	**272,000**	**944,000**	771,714	-	771,714
Unsecured						
Loans from related parties	**390,974**	**-**	**390,974**	390,838	-	390,838
Total unsecured borrowings	**390,974**	**-**	**390,974**	390,838	-	390,838
Total borrowings	**1,062,974**	**272,000**	**1,334,974**	1,162,552	-	1,162,552

8 Provisions

	2018 Current $	2018 Non-current $	2018 Total $	2017 Current $	2017 Non-current $	2017 Total $
Employee benefits	**1,121,930**	**154,312**	**1,276,242**	922,018	135,344	1,057,362

9 Contributed equity

(a) Share capital

	2018 Shares	2017 Shares	2018 $	2017 $
Ordinary shares - fully paid	**232**	232	**21,278**	21,278

(b) Ordinary shares

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

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value. The Company does not have a limited amount of authorised capital.

10 Dividends

(a) Ordinary shares

	2018 **$**	2017 $
Final dividend	**6,960,000**	2,320,000

(b) Franked dividends

The final dividends recommended after 30 June 2018 will be fully franked out of existing franking credits, or out of franking credits arising from the payment of income tax in the year ending 30 June 2019.

	2018 **$**	2017 $
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2017 - 30.0%)	**8,022,665**	6,301,299

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

11 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the entity and its related practices:

PricewaterhouseCoopers

	2018 **$**	2017 $
Audit and other assurance services		
Audit of financial statements	**55,950**	52,700
Assistance with preparation of financial statements	**3,700**	3,600
Total remuneration for audit and other assurance services	**59,650**	56,300

12 Contingent liabilities

The Company had contingent liabilities at 30 June 2018 in respect of:

(i) Guarantees

The Company has guarantees given in respect of various retail tenancies amounting to $2,204,169 (2017: $2,102,448).

Upon signing certain leases, the Company has received a fixed contributuon towards costs of fit-outs. Some of these leases contain repayment clauses should certain default events occur.

13 Events occurring after the reporting period

No matters or circumstances have occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

14 Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	2018 $	2017 $
Profit for the year	**9,984,825**	5,542,914
Adjustment for		
Depreciation	**2,232,385**	1,879,920
Net (gain) loss on sale of non-current assets	**75,215**	23,070
Change in operating assets and liabilities:		
(Increase) decrease in inventories	**(1,407,968)**	(3,284,340)
(Increase) decrease in deferred tax assets	**(419,181)**	(149,249)
(Increase) decrease in other operating assets	**18,713**	(55,531)
(Decrease) increase in trade and other payables	**864,704**	3,091,557
(Decrease) increase in income taxes payable	**604,157**	(488,673)
(Decrease) increase in other provisions	**1,141,037**	258,239
Net cash inflow (outflow) from operating activities	**13,093,887**	6,817,907

(b) Net debt reconciliation

Net debt	2018 $	2017 $
Cash and cash equivalents	**3,802,368**	1,279,844
Borrowings - repayable within one year	**(672,000)**	(771,714)
Borrowings - repayable after one year	**(272,000)**	-
	2,858,368	508,130

	Borrowings due within 1 year $	Borrowings due after 1 year $	Total $
Net debt as at 1 July 2017	**(771,714)**	**-**	**(771,714)**
Cash inflows	(780,142)	(272,000)	(1,052,142)
Cash outflows	879,856	-	879,856
Net debt as at 30 June 2018	**(672,000)**	**(272,000)**	**(944,000)**

As stated in note 1(a) to the financial statements, in the directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet *Corporations Act 2001* requirements.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in note 1.

In the directors' opinion:

(a) the financial statements and notes set out on pages 4 to 19 are in accordance with the *Corporations Act 2001*, including:

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

  (ii) giving a true and fair view of the entity's financial position as at 30 June 2018 and of its performance for the year ended on that date, and

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

This declaration is made in accordance with a resolution of directors.

Gregory J Josephson
Director

Brisbane
3 August 2018

Independent auditor's report

To the members of Universal Store Pty Ltd

Our opinion

In our opinion:

The accompanying financial report of Universal Store Pty Ltd (the Company) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2018
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

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

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

Independence

We are independent of the Company 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.

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Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for Universal Store Pty Ltd and its members and should not be used by parties other than Universal Store Pty Ltd and its members. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Special purpose financial report for the year ended 30 June 2018, including the Director's report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Andrew Weeden
Partner

Brisbane
3 August 2018