

Thesoco Pty Ltd

Financial Statements

For the Year Ended 30 June 2021

ABN 87 166 205 287

Thesoco Pty Ltd

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For the Year Ended 30 June 2021

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Thesoco Pty Ltd

Directors' Report

30 June 2021

The directors present their report on Thesoco Pty Ltd for the financial year ended 30 June 2021.

1. General information

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Carlo Liviani

Anand Raju

Sebastian Rizzo

Thomas Rock

Stevan Simovic

Sebastian Rizzo

Company Secretary since 10/10/13

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

Principal activities

The principal activity of Thesoco Pty Ltd during the financial year was the provision of IT support, maintenance and implementation services.

No significant changes in the nature of the Company's activity occurred during the financial year.

2. Operating results and review of operations for the year

Operating results

The profit of the Company after providing for income tax amounted to \$ 1,267,227 (2020: \$ 1,212,425).

Dividends paid or recommended

Dividends paid or declared during or since the end of the financial year are as follows:

- A fully franked dividend of \$ 480,000 was declared on 01 July 2020 for payment for the year ended 30 June 2020.

Review of operations

A review of the operations of the Company during the financial year and the results of those operations show that the operations of the company continued to grow rapidly.

3. Other items

Significant changes in state of affairs

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

Thesoco Pty Ltd

Directors' Report

30 June 2021

3. Other items

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which 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 future financial years.

Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Indemnification and insurance of officers and auditors


No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Thesoco Pty Ltd.

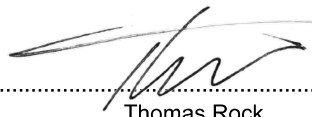
Proceedings on behalf of company

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2021 has been received and can be found on page 3 of the financial report.

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

Director: 
Sebastian Rizzo

Director: 
Thomas Rock

Dated 20 July 2022

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Brisbane Club Tower
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Thesoco Pty Ltd

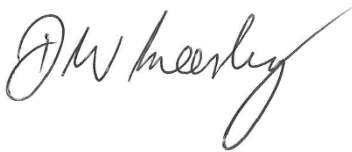
ABN 87 166 205 287

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Thesoco Pty Ltd

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

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Merrotts Chartered Accountants



David Sneesby
Partner

Brisbane

Dated 22nd July 2022

Accounting

Audit & Assurance

- Statutory
- Internal
- Government

Business

- Services
- Audit
- Restructuring

Corporate Services

Estate Planning

Forensic Accounting

Litigation Support

Recruitment

- Executive
- Accounting

Superannuation

- Administration
- Planning

Taxation

Thesoco Pty Ltd

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

		2021	2020
	Note	\$	\$
Revenue	4	7,855,919	5,193,438
Finance income		9,378	4,661
Other income	4	50,000	50,000
Employee benefits expense		(4,597,253)	(2,653,602)
Depreciation and amortisation expense			
Depreciation & amortisation		(219,470)	(59,353)
Other expenses		(1,204,094)	(895,664)
Finance expenses		(7,467)	(4,571)
Funds advance to Parent entity re unitholder		(137,185)	-
Profit before income tax		1,749,828	1,634,909
Income tax expense	6	(482,601)	(422,484)
Profit from continuing operations		1,267,227	1,212,425
Profit for the year		1,267,227	1,212,425
Total comprehensive income for the year		1,267,227	1,212,425

The accompanying notes form part of these financial statements.

Thesoco Pty Ltd

Statement of Financial Position

As At 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,579,109	1,062,091
Trade and other receivables	8	1,754,421	1,024,850
Other assets		65,340	65,340
TOTAL CURRENT ASSETS		3,398,870	2,152,281
NON-CURRENT ASSETS			
Other financial assets		50,000	-
Property, plant and equipment	9	256,217	169,100
Deferred tax assets		106,831	-
Intangible assets	10	6,982	800
Right-of-use assets	12	134,103	249,051
TOTAL NON-CURRENT ASSETS		554,133	418,951
TOTAL ASSETS		3,953,003	2,571,232
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	1,125,380	649,825
Employee benefits		346,522	214,059
Other financial liabilities	14	190,195	240,382
Lease liabilities	13	120,811	110,244
TOTAL CURRENT LIABILITIES		1,782,908	1,214,510
NON-CURRENT LIABILITIES			
Deferred tax liabilities		68,222	-
Employee benefits		79,334	38,588
Lease liabilities	13	21,282	142,094
TOTAL NON-CURRENT LIABILITIES		168,838	180,682
TOTAL LIABILITIES		1,951,746	1,395,192
NET ASSETS		2,001,257	1,176,040
EQUITY			
Issued capital	15	33	33
Retained earnings		2,001,224	1,176,006
		2,001,257	1,176,039
TOTAL EQUITY		2,001,257	1,176,039

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2021

2021

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2020		33	1,176,007	1,176,040
Change in accounting policy to reflect the retrospective adjustments - adoption of AASB 112		-	37,990	37,990
Balance at 1 July 2020 restated		33	1,213,997	1,214,030
Profit attributable to members of the parent entity		-	1,267,227	1,267,227
Transactions with owners in their capacity as owners				
Dividends provided for or paid	17	-	(480,000)	(480,000)
Balance at 30 June 2021		33	2,001,224	2,001,257

2020

	Note	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2019		33	606,570	606,603
Change in accounting policy to reflect the retrospective adjustments - adoption of AASB 119		-	(151,323)	(151,323)
Balance at 1 July 2019 restated		33	455,247	455,280
Profit attributable to members of the parent entity		-	1,212,425	1,212,425
Transactions with owners in their capacity as owners				
Dividends provided for or paid	17	-	(491,666)	(491,666)
Balance at 30 June 2020		33	1,176,006	1,176,039

Thesoco Pty Ltd

Statement of Cash Flows
For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	7,265,374	4,705,195
Payments to suppliers and employees	(5,207,305)	(3,482,482)
Income taxes paid	(515,685)	(243,199)
Net cash provided by operating activities	22 <u>1,542,384</u>	<u>979,514</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for intangible asset	(6,182)	-
Purchase of property, plant and equipment	(191,638)	(190,136)
Purchase of other non current assets	(50,000)	-
Net cash used in investing activities	<u>(247,820)</u>	<u>(190,136)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	-	14,680
Repayment of borrowings	(90,532)	-
Dividends paid	(480,000)	(491,666)
Payment of lease liabilities	(117,711)	(39,600)
advances of borrowings	(89,303)	-
Net cash used in financing activities	<u>(777,546)</u>	<u>(516,586)</u>
Net increase/(decrease) in cash and cash equivalents held	517,018	272,792
Cash and cash equivalents at beginning of year	<u>1,062,091</u>	<u>789,299</u>
Cash and cash equivalents at end of financial year	7 <u><u>1,579,109</u></u>	<u><u>1,062,091</u></u>

The accompanying notes form part of these financial statements.

Thesoco Pty Ltd

Notes to the Financial Statements

For the Year Ended 30 June 2021

The financial report covers Thesoco Pty Ltd as an individual entity. Thesoco Pty Ltd is a for-profit proprietary Company, incorporated and domiciled in Australia.

The functional and presentation currency of Thesoco Pty Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 20 July 2022.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*. An adjustment of \$37,990 was processed to retained earnings at 1 July 2020 to adopt the measurement requirements of Australian Accounting Standard AASB112 Income Taxes due to the application of the standard becoming material in amount.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Statement of financial position balances relating to revenue recognition

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Company presents the contract as a contract liability.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(b) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(c) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(f) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Impairment of financial assets

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

(g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Intangible assets

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

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

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(j) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Right of Use Asset

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.v

Lease Liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the Company's incremental borrowing rate.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term. Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

4 Revenue and Other Income

Revenue from continuing operations

	2021	2020
	\$	\$
Revenue from contracts with customers		
- provision of services	7,855,919	5,193,438
Total Revenue	7,855,919	5,193,438

	2021	2020
	\$	\$
Other Income		
- Federal Government COVID 19 assistance	50,000	50,000

Notes to the Financial Statements
For the Year Ended 30 June 2021

5 Result for the Year

The result for the year includes the following specific expenses:

	2021	2020
	\$	\$
Employee benefits expense	4,597,253	2,653,602
Depreciation & amortisation	219,070	59,353
Impairment of non-financial assets		
- Minimum lease payments	-	53,507

6 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2021	2020
	\$	\$
Current tax expense		
Local income tax - current period	482,601	422,484
Deferred tax expense		
Other deferred tax	(2,072)	-
Change in tax rates	2,072	-
Income tax expense for continuing operations	482,601	422,484
	482,601	422,484

(b) Reconciliation of income tax to accounting profit:

	2021	2020
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 26% (2020: 27.5%)	454,955	449,600
Add:		
Tax effect of:		
- other non-allowable items	61,054	11,198
- non-deductible expenses	35,668	-
	551,677	460,798
Less:		
Tax effect of:		
- non-assessable items	13,000	13,750
- other allowable items	56,076	24,564
Income tax expense	482,601	422,484
Weighted average effective tax rate	28 %	26 %

Notes to the Financial Statements

For the Year Ended 30 June 2021

7 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash at bank and in hand	1,579,109	1,062,091
	<u>1,579,109</u>	<u>1,062,091</u>

8 Trade and Other Receivables

	2021	2020
	\$	\$
CURRENT		
Trade receivables	1,665,118	1,024,850
	<u>1,665,118</u>	<u>1,024,850</u>
Related Party loans	89,303	-
	<u>89,303</u>	<u>-</u>
Total current trade and other receivables	<u>1,754,421</u>	<u>1,024,850</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are over 2 years past due, whichever occurs first.

9 Property, plant and equipment

PLANT AND EQUIPMENT

Furniture, fixtures and fittings

At cost	22,215	19,708
Accumulated depreciation	(5,405)	(1,343)
Total furniture, fixtures and fittings	<u>16,810</u>	<u>18,365</u>

Office equipment

At cost	303,422	115,490
Accumulated depreciation	(88,644)	(19,352)
Total office equipment	<u>214,778</u>	<u>96,138</u>

Leasehold Improvements

At cost	54,939	54,939
Accumulated amortisation	(30,310)	(342)
Total leasehold improvements	<u>24,629</u>	<u>54,597</u>
Total plant and equipment	<u>256,217</u>	<u>169,100</u>

Notes to the Financial Statements

For the Year Ended 30 June 2021

9 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Furniture, Fixtures and Fittings \$	Office Equipment \$	Leasehold Improvements \$	Total \$
Year ended 30 June 2021				
Balance at the beginning of year	18,365	96,138	54,597	169,100
Additions	2,506	189,133	-	191,639
Depreciation expense	(4,062)	(70,492)	(29,968)	(104,522)
Balance at the end of the year	16,809	214,779	24,629	256,217

	Furniture, Fixtures and Fittings \$	Office Equipment \$	Leasehold Improvements \$	Total \$
Year ended 30 June 2020				
Additions	19,708	115,490	54,939	190,137
Depreciation expense	(1,343)	(19,352)	(342)	(21,037)
Balance at the end of the year	18,365	96,138	54,597	169,100

10 Intangible Assets

Computer software At Cost	6,982	800
Total Intangible assets	6,982	800

Notes to the Financial Statements

For the Year Ended 30 June 2021

11 Trade and Other Payables

	Note	2021 \$	2020 \$
CURRENT			
Trade payables		436,244	57,325
GST payable		145,712	199,717
Sundry payables and accrued expenses		5,844	75,386
Provision for Income tax		537,580	317,397
		<u>1,125,380</u>	<u>649,825</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

12 Leases

The Company has leases over a range of commercial office premises.

Right-of-use assets

	Buildings \$	Total \$
Year ended 30 June 2021		
Balance at beginning of year	249,051	249,051
Depreciation charge	(114,948)	(114,948)
Balance at end of year	<u>134,103</u>	<u>134,103</u>
	Buildings \$	Total \$
Year ended 30 June 2020		
Depreciation charge	(38,316)	(38,316)
Additions to right-of-use assets	287,367	287,367
Balance at end of year	<u>249,051</u>	<u>249,051</u>

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in this Statement Of Financial Position \$
2021					
Lease liabilities	131,208	22,272	-	153,480	142,094
2020					

Notes to the Financial Statements

For the Year Ended 30 June 2021

12 Leases

Lease liabilities

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	\$	\$	\$	\$	\$
Lease liabilities	120,384	146,616	-	267,000	252,338

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2021	2020
	\$	\$
Interest expense on lease liabilities	(7,467)	(4,571)
Variable lease payments not included in the measurement of lease liabilities	-	(53,507)
Depreciation of right-of-use assets	(114,948)	(38,316)
	<u>(122,415)</u>	<u>(96,394)</u>

13 Lease Liabilities

	2021	2020
	\$	\$
CURRENT		
Right of Use Lease Liability	<u>120,811</u>	<u>110,244</u>
	<u>120,811</u>	<u>110,244</u>
NON-CURRENT		
Right of Use Lease Liability	<u>21,282</u>	<u>142,094</u>
	<u>21,282</u>	<u>142,094</u>

14 Other Financial Liabilities

	2021	2020
	\$	\$
CURRENT		
Amounts received in advance	190,195	149,850
Related Party loans	-	90,532
Total	<u>190,195</u>	<u>240,382</u>

Notes to the Financial Statements

For the Year Ended 30 June 2021

15 Issued Capital

	2021	2020
	\$	\$
3000 (2020: 3000) Ordinary shares	30	30
1 (2020: 1) Type AA shares	1	1
1 (2020: 1) Type BB shares	1	1
1 (2020: 1) Type EE shares	1	1
Total	33	33

(a) Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

16 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

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

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Trade and other payables
- Lease liabilities

Notes to the Financial Statements

For the Year Ended 30 June 2021

16 Financial Risk Management

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of Thesoco Pty Ltd's financial risk management framework. This includes the development of policies covering specific areas such as liquidity risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Thesoco Pty Ltd's activities.

The day-to-day risk management is carried out by Thesoco Pty Ltd's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

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

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash to meet its liquidity requirements for up to 30-day periods.

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

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any financing facilities.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents, as well as credit exposure to wholesale and retail customers, including outstanding receivables.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables and contract assets

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and

Notes to the Financial Statements

For the Year Ended 30 June 2021

16 Financial Risk Management

Credit risk

conditions are offered. The Company review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Company's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

17 Dividends

	2021	2020
	\$	\$
a. The following dividends were declared and paid:		
Franked ordinary dividend of \$480,000 at \$2.40 per share (2020: \$291,666 at 97.22 cents)	480,000	291,666
Franked ordinary dividend (2020: \$200,000) at 66.67 cents per share	-	200,000
Total	480,000	491,666

Franked dividends declared and paid during the year were franked at the tax rate of 26%.

Franking credits account

	2021	2020
	\$	\$
The franking credits available for subsequent financial years at a tax rate of 26% (2020: 27.5%)	146,708	109,322

Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Dividends

Franking credits account

The above available balance is based on the dividend franking account at year-end adjusted for:

- (a) Franking credits that will arise from the payment of the current tax liabilities;
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.

18 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Thesoco Pty Ltd during the year are as follows:

	2021	2020
	\$	\$
Short-term employee benefits	384,440	346,845
Post-employment benefits	120,000	115,582
	<u>504,440</u>	<u>462,427</u>

19 Auditors' Remuneration

	2021	2020
	\$	\$
Remuneration of the auditor Merrotts Chartered Accountants for:		
- auditing or reviewing the financial statements	12,500	14,500
Total	<u>12,500</u>	<u>14,500</u>

20 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2021 (30 June 2020:None).

21 Related Parties

(a) The Company's main related parties are as follows:

The ultimate parent entity, which exercises control over the Company, is Singlewave Pty Ltd which is incorporated in Australia and owns 100% of Thesoco Pty Ltd.

Key management personnel - refer to Note 18.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Notes to the Financial Statements

For the Year Ended 30 June 2021

21 Related Parties

(b) Transactions with related parties

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

The following transactions occurred with related parties:

	Other
	\$
Parent	
Funds advanced to Parent entity	137,185

(c) Loans to/from related parties

Unsecured loans are made to the ultimate parent entity, key management personnel and other related parties on an arm's length basis. Repayment terms are set for each loan, which range from 1 to 2 years. Monthly repayments are made over the terms of the loans. Loans are unsecured and repayable in cash.

	Opening balance	Closing balance			
	\$	\$			
Loans from KMP					
2021	90,532	(89,303)	-	-	-
2020	75,852	90,532	-	-	-

No interest is paid on the KMP loans due to their short term nature. The loan accounts are used for the payment of dividends.

Notes to the Financial Statements

For the Year Ended 30 June 2021

22 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	\$	\$
Profit for the year	1,267,227	1,212,425
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- amortisation	114,948	38,316
- depreciation	104,522	21,037
- Right of Use lease interest	7,467	4,571
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(640,270)	(683,323)
- (increase)/decrease in other assets	-	(65,340)
- increase/(decrease) in income in advance	40,345	140,419
- increase/(decrease) in trade and other payables	255,371	30,801
- increase/(decrease) in income taxes payable	190,351	179,285
- increase/(decrease) in deferred tax liability	29,214	-
- increase/(decrease) in employee benefits	173,209	101,323
Cashflows from operations	<u>1,542,384</u>	<u>979,514</u>

23 Events Occurring After the Reporting Date

The financial report was authorised for issue on 20 July 2022 by the board of directors.

No matters or circumstances have arisen since the end of the financial year which 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 future financial years.

24 Statutory Information

The registered office of the company is:

207 Logan Road
 Woollangabba
 QLD 4102

The principal place of business is:

Level 4
 120 Edward Street
 BRISBANE 4000

Thesoco Pty Ltd

Directors' Declaration

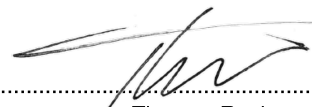
The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2021 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the Company;
2. 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.

Director

Sebastian Rizzo

Director

Thomas Rock

Dated 20 July 2022

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Taxation

Independent Audit Report to the members of Thesoco Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a general purpose financial report of Thesoco Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

(a) In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

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 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 \(including independence standards\)](#) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We have given to the directors of the Company a written Auditors Independence Declaration required by the *Corporations Act 2001*, a copy of which is attached to the Directors' Report.

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

Responsibilities of the Directors for the Financial Report

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

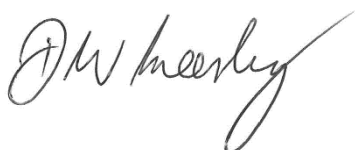
In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company 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 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: http://www.auasb.gov.au/auditors_files/ar1.pdf . This description forms part of our Auditor's Report.

Merrotts Chartered Accountants

A handwritten signature in black ink, appearing to read 'D. Sneesby', written in a cursive style.

David Sneesby
Partner
Brisbane, 22nd July 2022