

IDK Pty Ltd

ABN 90 613 645 640

Financial Statements
27 June 2019

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The director presents this report together with the financial statements of IDK Pty Ltd (the Company), for the financial year ended 27 June 2019 and the auditor's report thereon.

1. The Directors

The directors of the Company at any time during or since the end of the financial year are:

Kane Sala	Appointed 13 July 2016	Resigned 2 April 2019
Alexander Glenn Makauskas	Appointed 2 April 2019	

2. Principal activities

The principal activity of IDK Pty Ltd was the provision of labour hire services. There were no other significant changes in the nature of the activities of the Company during the year.

3. Principal changes in the state of affairs

In the opinion of the director there were no significant changes in the state of affairs of the Company that occurred during the financial year under review. The business decreased by transferring the labour hire activities of one entity to that entity, Fresh Four Pty Ltd including the leave liability which created a loan balance.

4. Events subsequent to reporting date

In August 2019, the Holding company (Youfoodz Holdings Pty Ltd) received an equity injection of approximately \$24m from a private company that then became the controlling shareholder. The funds were then transferred to the Company and Youfoodz Pty Ltd, a related entity.

In August 2019, payment plans were agreed with the ATO and OSR to cover arrears in payroll related taxes and employee benefits. These were subsequently renegotiated in February 2020.

The Company was also impacted by the bushfire crisis in January 2020 and the COVID 19 pandemic in March 2020. The spread of novel coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid rise of the virus has seen an unprecedented global response by governments, regulators and numerous industry sectors, and the impact on the Company cannot be assessed at this time.

The financial impact of these subsequent events has not been brought to account at 27 June 2019.

Other than the matters set out above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

5. Indemnification and insurance of officers and auditors

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

Insurance premiums

During the financial year the Company has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ended 27 June 2019 and since the financial year, the Company has paid premiums in respect of such insurance contracts for the year ending 25 June 2020. Such insurance contracts insure against certain liability (subject to specific exclusions) persons

who are or have been directors or executive officers of the Company.

The director has not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

6. Proceedings on behalf of the Company

There are no proceedings on behalf of the Company.

7. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 25 and forms part of the Director's report for the financial year ended 27 June 2019.

This report is made out in accordance with a resolution of the Director:



Alexander Glenn Makauskas

22.06.20

Dated at..... thisday of.....2020

IDK Pty Ltd
Statement of financial position
At 27 June 2019

<i>In dollars</i>	<i>Note</i>	27 June 2019	30 June 2018
Assets			
Cash and cash equivalents	9	3,783	216,279
Trade and other receivables	8	1,636,956	-
Total current assets		1,640,739	216,279
Total non-current assets		-	-
Total assets		1,640,739	216,279
Liabilities			
Bank overdraft	9	337,528	-
Trade and other payables	11	30,261,970	13,494,248
Current tax liabilities		2,368,708	1,094,010
Provisions		485,679	608,431
Total current liabilities		33,453,885	15,196,689
Total non-current liabilities		-	-
Total liabilities		33,453,885	15,196,689
Net liabilities		(31,813,146)	(14,980,410)
Equity			
Share capital	10	100	100
Accumulated losses		(31,813,246)	(14,980,510)
Total equity deficiency attributable to equity holders of the Company		(31,813,146)	(14,980,410)

The Notes on pages 9 to 23 are an integral part of these financial statements.

Statement of profit or loss and other comprehensive income

For the year ended 27 June 2019

<i>In dollars</i>	<i>Note</i>	2019	2018
Revenue	5	59,761,423	38,161,200
Cost of sales	5	<u>(58,583,337)</u>	<u>(37,425,896)</u>
Gross profit		1,178,086	735,304
Other income		6,909	-
Administrative expenses		(178,675)	(171,765)
Impairment loss on trade and other receivables	8	<u>(14,153,547)</u>	<u>(14,128,602)</u>
Operating loss		(13,147,227)	(13,565,063)
Finance costs		<u>(2,448,198)</u>	<u>(262,948)</u>
Net finance costs	6	(2,448,198)	(262,948)
Loss before tax		(15,595,425)	(13,828,011)
Income tax expense	7	<u>(1,237,311)</u>	<u>(950,190)</u>
Loss		(16,832,736)	(14,778,201)
Other comprehensive income		-	-
Total comprehensive income (loss)		(16,832,736)	(14,778,201)

The Notes on pages 9 to 23 are an integral part of these financial statements.

IDK Pty Ltd
Statement of changes in equity
For the year ended 27 June 2019

<i>In dollars</i>	Share capital	Accumulated losses	Total equity
Balance at 30 June 2018	100	(14,980,510)	(14,980,410)
Total comprehensive income			
Profit or loss	-	(16,832,736)	(16,832,736)
Other comprehensive income	-	-	-
Total comprehensive income	-	(16,832,736)	(16,832,736)
Balance at 27 June 2019	100	(31,813,246)	(31,813,146)

<i>In dollars</i>	Share capital	Accumulated Losses	Total equity
Balance at 30 June 2017	100	(202,309)	(202,209)
Total comprehensive income			
Profit or loss	-	(14,778,201)	(14,778,201)
Other comprehensive income	-	-	-
Total comprehensive income	-	(14,778,201)	(14,778,201)
Balance at 30 June 2018	100	(14,980,510)	(14,980,410)

The Notes on pages 9 to 23 are an integral part of these financial statements

IDK Pty Ltd
Statement of cashflows
For the year ended 27 June 2019

<i>In dollars</i>	<i>Note</i>	2019	2018
Cash flows from operating activities			
Cash receipts from customers		48,368,012	43,695,279
Cash paid to suppliers and employees		(46,514,134)	(43,216,152)
Cash generated from operating activities		1,853,878	479,127
Interest received		6,909	-
Interest paid		(2,448,198)	(262,948)
Income taxes received		37,387	-
Net cash from / (used in) operating activities	9	(550,024)	216,179
Net decrease / (increase) in cash and cash equivalents		(550,024)	216,179
Cash and cash equivalents at 1 July		216,279	100
Cash and cash equivalents at 27 June 2019 (30 June 2018)	9	(333,745)	216,279

Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

The Notes on pages 9 to 23 are an integral part of these financial statements.

Notes

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1. Reporting entity

These financial statements comprise IDK Pty Ltd (the Company) and are as at and for the year ended 27 June 2019.

The Company is a for-profit entity.

2. Basis of accounting

In the opinion of the directors, the Company is not publicly accountable. These financial statements are Tier 2 general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

This is the first set of the Company's annual financial statements in which AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* have been applied. Changes to significant accounting policies are described in Note 17.

They were authorised for issue by the Director on 17 June 2020. Details of the Company's significant accounting policies are included in Note 18.

Going concern

The financial statements of the Company for the year ended 27 June 2019 have been prepared on a going concern basis which contemplates the continuation of normal operations and the realisation of assets and settlement of liabilities in the normal course.

As at 27 June 2019, the Company has a deficiency in net assets of \$31,813,146 and for the year ended 27 June 2019 incurred a loss before tax of \$16,832,736.

Subsequent to year end, the following have occurred:

- The Holding company (Youfoodz Holdings Pty Ltd) received an equity injection in August 2019 of approximately \$24m from a private company (RGT Capital Fund Number 6 (YF) Pty Limited) that then became the controlling shareholder. The funds were then transferred to the Company and Youfoodz Pty Ltd, a related entity.
- The Company received a letter of support from the controlling shareholder undertaking to provide ongoing financial support to the Company, and its related party Youfoodz Pty Ltd, to a maximum cumulative amount of \$30m (in addition to the \$24m equity injection referred to above) for a period of at least 15 months from the date the directors declaration is signed; and
- The spread of novel coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid rise of the virus has seen an unprecedented global response by governments, regulators and numerous industry sectors. The measures implemented on the economy to control and slow the outbreak and the dynamic nature of these circumstances result in a significant increase in economic uncertainty.

The Company has prepared cash flow projections which support the ability of the Company to continue as a going concern. These cash flow projections assume that the Company will be able to increase sales revenue, reduce costs, manage existing creditor obligations and obtain additional

capital funding or be supported by the controlling shareholder. The ability to achieve these assumptions is inherently uncertain.

In the event that the Company cannot achieve the assumptions outlined above, there will be a material uncertainty as to whether the Company can continue as a going concern and realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial statements.

3. Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

4. Use of Judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements.

Note 2 – going concern basis of preparation.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 25 June 2020 is included in the following notes:

- Note 7 – treatment of deferred tax assets: availability of future taxable profit against which carryforward tax losses can be used; and
- Note 8 – impairment of receivables.

5. Revenue and cost of sales

See accounting policies in Note 18.

(a) Revenue

The effect of initially applying AASB 15 on the Company's revenue from contracts with customers is described in Note 17.

<i>In dollars</i>	2019	2018
Income from labour hire	59,761,423	38,161,200
	<u>59,761,423</u>	<u>38,161,200</u>

(b) Cost of sales

Cost of sales included superannuation expense of \$4,707,129 for the year ended 27 June 2019 (2018: \$2,799,022).

6. Net finance costs

See accounting policies in Note 18.

<i>In dollars</i>	2019	2018
Financial liabilities measured at amortised cost - interest expense	(2,448,198)	(262,948)
Net finance costs recognised in profit or loss	(2,448,198)	(262,948)

7. Income taxes

See accounting policy in Note 18.

(a) Amounts recognised in profit and loss

<i>In dollars</i>	2019	2018
Current tax expense		
Current year	1,237,311	950,190
Deferred tax expense	-	-
	<u>1,237,311</u>	<u>950,190</u>

(b) Reconciliation of effective tax

<i>In dollars</i>	2019	2018
Profit/(loss) before tax	(15,595,424)	(13,828,012)
Tax using the Company's tax rate (30%)	(4,678,627)	(4,148,403)
Tax effect of:		
- Temporary differences for which no deferred tax asset is recognised	4,217,150	4,288,773
- Non-deductible expense	1,698,788	809,820
Tax expense	1,237,311	950,190

The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against with the Company can use to the benefits therefrom:

<i>In dollars</i>	2019	2018
Carry forward tax losses	-	-
Deductible temporary differences	28,890,964	14,833,797

The Company has not recognised deferred tax assets on carry forward tax losses and deductible temporary differences as the Company has a history of losses and there was convincing evidence that the deferred tax assets would be utilised in the foreseeable future.

The tax losses do not have an expiry date, but the Company must comply with rules around continuity of ownership or continuity of business to be able to utilise the losses against future taxable income.

8. Trade and other receivables

See accounting policies in Note 18.

<i>In dollars</i>	Note	2019	2018
Trade receivables due from related parties	14	29,914,846	14,128,602
Provision for impairment		(28,279,190)	(14,128,602)
		1,635,656	-
Other		1,300	-
		1,636,956	-
Non-current		-	-
Current		1,636,956	-
		1,636,956	-

(a) Impairment losses

Impairment losses on trade receivables due from related parties recognised in profit or loss were \$14,150,588 (2018: \$14,128,602). Impairment loss recognised in the profit or loss included \$2,958 (2017: nil) of written off staff advances.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows. Comparative amounts for 2018 represent the allowance account for individual impairment under AASB 139.

<i>In dollars</i>	2019	2018
Balance at 1 July under AASB 139	-	-
Adjustment on initial application of AASB 9	-	-
Balance at 1 June under AASB 9	14,128,602	-
Impairment loss recognised	14,150,588	14,128,602
Balance at 27 June 2019 (30 June 2018)	28,279,190	14,128,602

9. Cash and cash equivalents

See accounting policies in Note 18.

(a) Reconciliation of cash

<i>In dollars</i>	2019	2018
Cash on hand	100	100
Cash at bank	3,683	216,179
Cash and cash equivalents in the statement of financial position	3,783	216,279
Bank overdrafts used for cash management purposes	(337,528)	-
Cash and cash equivalents in the statement of cash flows	(333,745)	216,279

(b) Reconciliation of operating cash flows

<i>In dollars</i>	2019	2018
Loss after tax	<u>(16,832,736)</u>	<u>(14,778,201)</u>
Non-cash flows in (loss) from ordinary activities		
Impairment expense	14,153,547	14,128,602
Changes in assets and liabilities		
(Increase) / decrease in receivables	(15,790,503)	(12,566,820)
Increase / (decrease) in payables	16,767,723	12,136,167
Increase / (decrease) in income tax payable	1,274,698	950,190
Increase / (decrease) in provisions	<u>(122,752)</u>	<u>346,241</u>
Net cash from / (used in) operating activities	<u>(550,024)</u>	<u>216,179</u>

10. Capital

(a) Share capital

See accounting policies in Note 18.

	In shares		In dollars	
	2019	2018	2019	2018
On issue at 1 July	100	100	100	100
On Issue at 27 June 2019 (30 June 2018)	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

All shares rank equally with regard to the Company's residual assets.

(i) Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

The holders of these shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

11. Trade and other payables

See accounting policies in Note 18.

<i>In dollars</i>	<i>Note</i>	2019	2018
Trade payables	14	690,145	1,647
Accrued expenses		1,467,339	1,723,374
Goods & services tax, PAYG and interest		19,887,030	8,032,237
Payroll tax		3,444,245	1,374,904
Superannuation		4,773,211	2,362,086
Trade and other payables		30,261,970	13,494,248
Non-current		-	-
Current		30,261,970	13,494,248
		<u>30,261,970</u>	<u>13,494,248</u>

In August 2019, the Company and the Australian Tax Office entered into a payment plan for \$20,423,175 for goods and services tax, PAYG, superannuation guarantee and interest to be fully settled in August 2021. In August 2019 the Company and the Office of State Revenue entered into a payment plan for \$3,974,618 for payroll tax and interest to be fully settled in August 2021. Both payments plans were amended subsequently in February 2020.

12. Commitments

The Company did not have any commitments at 27 June 2019 (2018: nil).

13. Contingencies

The Company did not have any contingencies at 27 June 2019 (2018: nil).

14. Related parties

(a) Transactions with key management personnel

(i) Key management personnel compensation

The key management personnel compensation was \$27,775 for the year ended 27 June 2019 (30 June 2018: \$21,500) included in administrative expenses in the statement of profit and loss and other comprehensive income.

(ii) Key management personnel and director transactions

The key management personal, or their related parties, hold positions in other companies that result in them having control or joint control over these entities.

A number of these entities transacted with the Company during the year.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or joint control were detailed in Note 14(b).

From time to time the director of the Company, or their related entities, may purchase goods from the Company. These purchases are on the same terms and conditions as those entered into by the other Company employees or customers.

(b) Other related party transactions

		Transaction values		Balance outstanding	
		year ended		as at	
<i>In dollars</i>	<i>Note</i>	27 June 2019	30 June 2018	27 June 2019	30 June 2018
Related entities					
<i>Revenue</i>					
Labour hire	(i)	<u>59,761,423</u>	<u>38,161,200</u>		
<i>Operating expense</i>					
Administrative expenses	(ii)	<u>150,000</u>	<u>150,000</u>		
Trade and other payables				<u>460,261</u>	<u>-</u>
Trade and other receivables				<u>29,914,846</u>	<u>14,128,602</u>

(i) The Company entered into separate agreements with Youfoodz Pty Ltd and Youjuice Pty Ltd, companies controlled by a shareholder, to provide labour hire service. The contract terms are based on market rates for these types of services, and amounts are payable on a monthly basis for the duration of the contract. Any unpaid balances are recognised as trade and other receivables.

(ii) The Company is recharged by Youfoodz Pty Ltd for services of management personnel based on actual expense incurred. Any unpaid balance is recognised as trade and other payables.

None of the balances are secured. Provision for expected credit loss has been recognised with the impairment expense recognised in the current year or prior year in respect of amounts owed by related parties (refer to Note 8). No guarantees have been given or received.

15. Subsequent events

In August 2019, the Holding company (Youfoodz Holdings Pty Ltd) received an equity injection of approximately \$24m from a private company that then became the controlling shareholder. The funds were then transferred to the Company and Youfoodz Pty Ltd, a related entity.

In August 2019, payment plans were agreed with the ATO and OSR to cover arrears in payroll related taxes and employee benefits. These were subsequently renegotiated in February 2020.

The Company was also impacted by the bushfire crisis in January 2020 and the COVID 19 pandemic in March 2020. The spread of novel coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid rise of the virus has seen an unprecedented global response by governments, regulators and numerous industry sectors, and the impact on the Company cannot be assessed at this time.

The financial impact of these subsequent events has not been brought to account at 27 June 2019.

Other than the matters set out above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

16. Basis of measurement

The financial statements have been prepared on the historical cost basis.

17. Change in accounting policy

Except for the change below, the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

The Company has initially applied AASB 15 and AASB 9, including any consequential amendments to other standards, from 1 July 2018. A number of other new standards are also effective from 1 July 2019 but they do not have any material effect on the Company's financial statements.

The initial application of these standards did not have any material effect on the financial statements.

(a) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related interpretations. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. The adoption of AASB 15 did not have any material impact on the recognition of revenue.

The Company has adopted AASB 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. Jul 2018). Accordingly, the information presented for 2018, AASB 111 and related interpretations. Additionally, the disclosure requirements in AASB 15 have not generally been applied to comparative information.

(b) AASB 9 Financial Instruments

AASB9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*.

As a result of the adoption of AASB9, the Company has adopted consequential amendments to AASB 7 *Financial Instruments: Disclosures* that are applied to disclosures about 2019 but have not been generally applied to comparative information.

(i) Classification and measurement of financial assets and financial liabilities

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (OCI) (FVOCI) and fair value through profit and loss (FVTPL). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cashflow characteristics. AASB 9 eliminates the previous AASB 139 categories of held to maturity, loans and receivables and available for sale.

AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities.

The adoption of AASB 9 has not had a material effect on the Company's accounting policies related to financial liabilities.

The adoption of AASB 9 did not have any material impact on the carrying amounts of financial assets

at 1 July 2018. The financial assets such as cash and cash equivalents and trade and other receivables continued to be carried and classified at amortised cost.

(ii) Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and contract assets. Under AASB, credit losses are recognised earlier than under AASB 139 – See Note 18.

The Company has determined that the application of AASB 9's impairment requirements at 1 July 2018 did not result in any change in the existing impairment. Additional information on how the Company measures the expected credit loss is described in Note 18.

(c) AASB 16 Leases

AASB 16 *Leases* introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

AASB 16 replaces existing leases guidance including AASB 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

AASB 16 is effective for the Company from 28 June 2019. The Company is yet to assess the impact of the adoption of AASB 16.

18. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 17).

(a) Revenue

Labour hire revenue is recognised upon delivery of the service to the customer or in the instance of placement fees at the time the employee has been placed. Revenue from a contract to provide labour hire services is recognised over time as the services are rendered. All revenue is stated net of the amount of GST.

For each contract with a customer, the Company undertakes the following:

- i. Identifies the contract with a customer
- ii. Identifies the performance obligations in the contract
- iii. Determines the transaction price which takes into account estimates of variable consideration and the time value of money
- iv. Allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct service to be delivered
- v. Recognises revenue when, or as, each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services promised.

The Company has initially applied AASB 15 from 1 July 2018. The revenue recognition policy prior to 1 July 2018 is the same under AASB 15.

(b) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(c) Finance income and finance costs

The Company's finance income and finance costs include:

- interest expense

In calculating interest expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(e) Financial instruments

(i) Recognition and initial measurement

Trade and other receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets - Policy applicable from 1 July 2018

On initial recognition, a financial asset is classified as measured at: amortised costs; FVOC – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Financial assets - Business model assessment: Policy applicable from 1 July 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 July 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. nonrecourse features).

Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 July 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets – Policy applicable before 1 July 2018

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Loans and receivables are measured at amortised cost using the effective interest rate method.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(f) Impairment

(i) Non-derivative financial assets

Policy applicable from 1 July 2018

Financial instruments and contract assets

The Company recognises loss allowance for ECL on financial assets measured at amortised cost and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs which are measured at 12-month ECLs. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

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

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). For trade receivables, a provision matrix is used where receivables are grouped based on days overdue and loss rates are applied to estimate the ECL.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Policy applicable before 1 July 2018

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence that it is impaired.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy; and
- adverse changes in the payment status of borrowers or issuers.

Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at both a specific asset and a collective level. All individually significant assets are assessed for specific impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(g) Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Director's declaration

1. In the opinion of the director of IDK Pty Ltd ('the Company'):
 - (a) the Company is not publicly accountable;
 - (b) the financial statements and notes that are set out on pages 4 to 23 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 27 June 2019 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001; and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Director:

22.06.20

Dated at..... thisday of.....2020



Alexander Glenn Makauskas
Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of IDK Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of IDK Pty Ltd for the financial year ended 27 June 2019 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.

KPMG

Stephen Board
Partner

Brisbane
22 June 2020



Independent Auditor's Report

To the shareholders of IDK Pty Ltd

Opinion

We have audited the **Financial Report** of IDK Pty Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 27 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 27 June 2019;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Director of IDK Pty Ltd, would be in the same terms if given to the Director as at the time of this Auditor's Report.

Material uncertainty related to going concern

We draw attention to Note 2, "Going Concern" in the financial report. The conditions disclosed in Note 2, indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Other Information

Other Information is financial and non-financial information in IDK Pty Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they 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 objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error. They 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.

A handwritten signature of the KPMG representative, written in dark ink.

KPMG

A handwritten signature of Stephen Board, written in dark ink.

Stephen Board
Partner

Brisbane
24 June 2020