# Cirrus Communications Pty Ltd

**ACN 109 931 731**

## Consolidated Financial Statements

**For the Year Ended 30 June 2019**

**Cirrus Communications Pty Ltd**

**ACN 109 931 731**

# Contents

## For the Year Ended 30 June 2019

# Cirrus Communications Pty Ltd

**ACN 109 931 731**

# Directors' Report
## 30 June 2019

The directors present their report, together with the consolidated financial statements of the Group, being the Group and its controlled entities, for the financial year ended 30 June 2019.

### 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:

| | |
|---|---|
| Eric Heyde | |
| William Paul Reid | |
| James Spenceley | (Appointed 08 October 2019) |
| Tony Grist | (Appointed 08 October 2019) |
| Matthew Hollis | (Appointed 08 October 2019) |
| Thomas Berryman | (Appointed 30 April 2020) |
| Christopher Howells | (Resigned 08 October 2019) |
| Robert Reid | (Resigned 08 October 2019) |
| Douglas Reid | (Resigned 08 October 2019) |

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 activities of the Group during the financial year was providing internet and telecommunications services.

No significant change in the nature of these activities occurred during the year.

### 2. Operating results and review of operations for the year

**Operating results**

The consolidated loss of the Group amounted to $ (2,875,560) (2018: $ (2,023,638)).

**Review of operations**

The operating result of the Company was an increased Net Loss of $2,875,560 (2018: Net Loss of $2,023,638); this is mainly due to an increase in Depreciation and Finance expenses. Also contributing to the increased costs, was the recruitment of key staff members during the year but this will place the Company in a strong position to continue to expand its operations and generate net profits in future years.

### 3. Other items

**Events after the reporting date**

On 30 April 2020 the Group acquired 100% of the issued capital of Anycast Holdings Pty Ltd and Bosley Holdings Pty Ltd, for a purchase consideration of $ 7,025,000.

The acquisition is part of the Group’s overall strategy to list on the stock exchange.

Through acquiring 100% of the issued capital of Anycast Holdings Pty Ltd and Bosley Holdings Pty Ltd the Group has

# Directors' Report

## 30 June 2019

### 3. Other items (cont'd)

**Events after the reporting date (cont'd)**
obtained control of the Group.

The purchase was satisfied by the issue of 77,500,000 ordinary shares at an issue price of $0.07 each and the payment of $ 1,600,000 in cash. The issue price was based on the market price on date of purchase. The financial effect of this transaction has not been brought to account in the 2019 consolidated financial statements.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

**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 Cirrus Communications Pty Ltd.

**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 2019 has been received and can be found on page 3 of the consolidated financial report.

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

W P Reid

Director: W P Reid (Oct 30, 2020 16:28 GMT+11) ..............................

William Paul Reid

Dated 30 October 2020

Cirrus Communications Pty Ltd
ACN 109 931 731

## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Cirrus Communications Pty Ltd and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 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.

PKF

PAUL PEARMAN
PARTNER

DATE 30TH OCTOBER 2020

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved under Professional Standards Legislation

Sydney
Level 8, 1 O'Connell Street
Sydney NSW 2000 Australia
GPO Box 5446 Sydney NSW 2001
p +61 2 8346 6000
f +61 2 8346 6099

Newcastle
755 Hunter Street
Newcastle West NSW 2302 Australia
PO Box 2368 Dangar NSW 2309
p +61 2 4962 2688
f +61 2 4962 3245

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## For the Year Ended 30 June 2019

| | | | |
|---|---|---|---|
| Revenue | 4 | **6,795,385** | 6,555,634 |
| Other income | 4 | **7,870** | 9,775 |
| Cost of sales | | **(2,095,728)** | (1,956,646) |
| Employee benefits expense | | **(1,613,143)** | (1,382,988) |
| Depreciation and amortisation expense | | **(2,113,102)** | (1,919,922) |
| Administrative expenses | | **(351,927)** | (236,033) |
| Other expenses | | **(850,797)** | (784,102) |
| Finance expenses | 5 | **(2,654,118)** | (2,309,356) |
| **Loss before income tax** | | **(2,875,560)** | (2,023,638) |
| Income tax expense | | **-** | - |
| **Loss for the year** | | **(2,875,560)** | (2,023,638) |

The accompanying notes form part of these financial statements.

Cirrus Communications Pty Ltd

ACN 109 931 731

# Consolidated Statement of Financial Position
## As At 30 June 2019

| | Note | 2019<br>$ | 2018<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 6 | **144,021** | 319,669 |
| Trade and other receivables | 7 | **664,005** | 664,449 |
| **TOTAL CURRENT ASSETS** | | **808,026** | 984,118 |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 8 | **5,949,216** | 5,429,655 |
| **TOTAL NON-CURRENT ASSETS** | | **5,949,216** | 5,429,655 |
| **TOTAL ASSETS** | | **6,757,242** | 6,413,773 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 9 | **1,659,093** | 1,322,353 |
| Employee benefits | | **227,366** | 191,556 |
| **TOTAL CURRENT LIABILITIES** | | **1,886,459** | 1,513,909 |
| **NON-CURRENT LIABILITIES** | | | |
| Employee benefits | | **39,145** | 9,197 |
| Financial liabilities | 10 | **23,530,640** | 20,714,109 |
| **TOTAL NON-CURRENT LIABILITIES** | | **23,569,785** | 20,723,306 |
| **TOTAL LIABILITIES** | | **25,456,244** | 22,237,215 |
| **NET ASSETS** | | **(18,699,002)** | (15,823,442) |
| **EQUITY** | | | |
| Issued capital | 11 | **5,799,539** | 5,799,539 |
| Retained earnings | | **(24,498,541)** | (21,622,981) |
| **TOTAL EQUITY** | | **(18,699,002)** | (15,823,442) |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

## For the Year Ended 30 June 2019

**2019**

| | Note | Ordinary Shares $ | Retained Earnings $ | Total $ |
|---|---|---|---|---|
| **Balance at 1 July 2018** | | **5,799,539** | **(21,622,981)** | **(15,823,442)** |
| Loss attributable to the members | | **-** | **(2,875,560)** | **(2,875,560)** |
| **Balance at 30 June 2019** | | **5,799,539** | **(24,498,541)** | **(18,699,002)** |

**2018**

| | Note | Ordinary Shares $ | Retained Earnings $ | Total $ |
|---|---|---|---|---|
| **Balance at 1 July 2017** | | 5,799,539 | (19,599,343) | (13,799,804) |
| Loss attributable to the members | | - | (2,023,638) | (2,023,638) |
| **Balance at 30 June 2018** | | 5,799,539 | (21,622,981) | (15,823,442) |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Cash Flows

## For the Year Ended 30 June 2019

| | Note | 2019<br>$ | 2018<br>$ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Receipts from customers | | **7,484,069** | 7,156,458 |
| Payments to suppliers and employees | | **(5,189,466)** | (4,792,568) |
| Finance costs | | **(27,587)** | (20,150) |
| Net cash provided by/(used in) operating activities | 14 | **2,267,016** | 2,343,740 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Purchase of property, plant and equipment | | **(2,632,663)** | (2,564,904) |
| Net cash provided by/(used in) investing activities | | **(2,632,663)** | (2,564,904) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Proceeds from borrowings | | **190,000** | 400,000 |
| Net cash provided by/(used in) financing activities | | **190,000** | 400,000 |
| Net increase/(decrease) in cash and cash equivalents held | | **(175,647)** | 178,836 |
| Cash and cash equivalents at beginning of year | | **319,668** | 140,833 |
| Cash and cash equivalents at end of financial year | 6 | **144,021** | 319,669 |

The accompanying notes form part of these financial statements.

The consolidated financial report covers Cirrus Communications Pty Ltd and its controlled entities ('the Group'). Cirrus Communications Pty Ltd is a for-profit proprietary Group, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Comparatives are consistent with prior years, unless otherwise stated.

## 1 Basis of Preparation

In the Directors' opinion, the Group is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. This special purpose financial report has been prepared to meet the reporting requirements of the *Corporations Act 2001.*

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies*, *Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

## 2 Summary of Significant Accounting Policies

### (a) Going concern

Notwithstanding the Group's deficiency in net assets, the consolidated financial report has been prepared on the going concern basis. This basis has been adopted as the Group has received a guarantee of continuing financial support from the directors. to allow the Group to meet its liabilities and it is the belief of the Group that such financial support will continue to be made available.

Subsequent to the reporting period, loan liablities carried by the Group at 30 June 2019 of $23,530,640 have been forgiven. $6,661,459 has been converted into share capital, with the remaining balance of accrued interest payable being written off. This has resulted in a positive net asset position in subsequent reporting period.

### (b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

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

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

**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 Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

**2 Summary of Significant Accounting Policies (cont'd)**

**(b) Revenue and other income (cont'd)**

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

**Specific revenue streams**

The revenue recognition policies for the principal revenue streams of the Group are:

**Rendering of services**

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Revenue from internet services is generally recognised once the service has been delivered.

**Interest revenue**

Interest revenue is recognised using the effective interest rate method.

**Other income**

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

**(c) Income Tax**

The tax expense recognised in the consolidated 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 provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

**2 Summary of Significant Accounting Policies (cont'd)**

**(c) Income Tax (cont'd)**

- 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.

**(d) 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.

**(e) 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 consolidated 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.

**(f) 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.

**Land and buildings**

Land and buildings are measured using the cost model.

### 2 Summary of Significant Accounting Policies (cont'd)

#### (f) Property, plant and equipment (cont'd)

**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 Group, commencing when the asset is ready for use.

#### (g) Financial instruments

Financial instruments are recognised initially on the date that the Group 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).

**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 Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument’s category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income.

## 2 Summary of Significant Accounting Policies (cont'd)

### (g) Financial instruments (cont'd)

**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 are solely payments of principal and interest on the principal amount outstanding.

The Group'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.

**Financial assets at fair value 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.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

**Financial liabilities**

The Group's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method.

**Impairment of financial assets**

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group 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 Group's historical experience and informed credit assessment and including forward looking information.

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

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

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the

### 2 Summary of Significant Accounting Policies (cont'd)

#### (g) Financial instruments (cont'd)

**Impairment of financial assets (cont'd)**

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 Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

**Trade receivables**

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable 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 Group 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.

#### (h) Impairment of non-financial assets

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

Where an indicator exists and regardless for goodwill, 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, except for goodwill.

#### (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.

Bank overdrafts also form part of cash equivalents for the purpose of the consolidated statement of cash flows

### 2 Summary of Significant Accounting Policies (cont'd)

**(i) Cash and cash equivalents (cont'd)**

and are presented within current liabilities on the consolidated statement of financial position.

**(j) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

**(k) New Accounting Standards and Interpretations**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards.

**AASB 16 - Leases**

AASB 16 Leases includes significant changes for lease accounting, particularly for lessees. For lessees, almost all leases go on the statement of financial position as the distinction between operating and financing leases has been removed. Under the new standard, an asset (the right to use the leased item) and a financial liablity to pay rentals are recognised. The only exemptions from this are short-term and low-value leases. The accounting for lessors have not significantly changed.

This standard is effective for annual reporting periods beginning on or after 1 January 2019. Early application is permitted for entities that apply AASB 15 Revenue from Contracts with Customers at or before the date of initial application of this standard. This standard is expected to have a material impact on the Company's accounting policies and the amounts recognised in the financial statements.

### 3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these consolidated 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 - property, plant and equipment**

Capitalised labour costs incurred has been recognised as an asset when it is deemed probable that future economic benefit associated with the item will flow to the entity and the cost can be measured reliably. Management have made estimates when applying percentages of certain employee costs that are attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Management have deemed the allocated percentage of certain staff costs applied is appropriate based on their assessment of staff roles, responsibilities and divisions.

# Notes to the Financial Statements

## For the Year Ended 30 June 2019

### 4 Revenue and Other Income

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| Revenue | | |
| - sale of services | **6,795,385** | 6,555,634 |
| Other income | | |
| - Interest income | **520** | 325 |
| - Other income | **7,350** | 9,450 |
| | **7,870** | 9,775 |
| **Total Revenue** | **6,803,255** | 6,565,409 |

### 5 Finance Expenses

| | 2019 | 2018 |
|---|---|---|
| Interest expense | **2,632,797** | 2,292,004 |
| Other finance expenses | **21,321** | 17,352 |
| **Total finance expenses** | **2,654,118** | 2,309,356 |

### 6 Cash and Cash Equivalents

| | 2019 | 2018 |
|---|---|---|
| Cash at bank | **144,021** | 319,669 |

### 7 Trade and Other Receivables

| | 2019 | 2018 |
|---|---|---|
| CURRENT | | |
| Trade receivables | **670,940** | 671,990 |
| Provision for impairment | **(6,935)** | (9,022) |
| Prepayments | **-** | 1,481 |
| **Total current trade and other receivables** | **664,005** | 664,449 |

# Notes to the Financial Statements

## For the Year Ended 30 June 2019

### 8 Property, plant and equipment

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| Plant and equipment | | |
| At cost | **1,098,214** | 1,098,214 |
| Accumulated depreciation | **(1,068,316)** | (1,062,241) |
| Total plant and equipment | **29,898** | 35,973 |
| Motor vehicles | | |
| At cost | **141,583** | 139,190 |
| Accumulated depreciation | **(74,647)** | (55,904) |
| Total motor vehicles | **66,936** | 83,286 |
| Office equipment | | |
| At cost | **190,740** | 166,017 |
| Accumulated depreciation | **(152,893)** | (131,957) |
| Total office equipment | **37,847** | 34,060 |
| Computer software | | |
| At cost | **1,180,878** | 964,135 |
| | **(931,897)** | (776,999) |
| Total computer software | **248,981** | 187,136 |
| Networks | | |
| At cost | **23,650,499** | 21,271,706 |
| Accumulated depreciation | **(18,084,945)** | (16,182,506) |
| Total Networks | **5,565,554** | 5,089,200 |
| **Total property, plant and equipment** | **5,949,216** | 5,429,655 |

### 9 Trade and Other Payables

| | | |
|---|---|---|
| CURRENT | | |
| Trade payables | **1,371,728** | 1,167,801 |
| GST payable | **232,186** | 108,270 |
| Other payables | **55,179** | 46,282 |
| | **1,659,093** | 1,322,353 |

### 10 Financial Liabilities

| | | |
|---|---|---|
| NON-CURRENT | | |
| Borrowings | **23,530,640** | 20,714,109 |

# Notes to the Financial Statements

## For the Year Ended 30 June 2019

### 11 Issued Capital

| | 2019 | 2018 |
|---|---|---|
| | $ | $ |
| 5,864,277 (2018: 5,864,277) Ordinary shares | **5,799,539** | 5,799,539 |

### 12 Capital and Leasing Commitments

#### (a) Operating Leases

| | | |
|---|---|---|
| Minimum lease payments under non-cancellable operating leases: | | |
| - not later than one year | **1,038,990** | 741,939 |
| - between one year and five years | **3,033,844** | 2,536,785 |
| | **4,072,834** | 3,278,724 |

Operating leases are in place for Land and Building and Network assets normally have a term between 1 and 8 years. Lease payments are increased on an annual basis to reflect market rentals.

### 13 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2019 (30 June 2018:None).

### 14 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:

| | | |
|---|---|---|
| Profit for the year | **(2,875,560)** | (2,023,638) |
| Cash flows excluded from profit attributable to operating activities | | |
| Non-cash flows in profit: | | |
| - depreciation | **2,113,102** | 1,922,084 |
| - interest on related party loans | **2,626,531** | 2,289,200 |
| Changes in assets and liabilities: | | |
| - (increase)/decrease in trade and other receivables | **444** | (59,534) |
| - increase/(decrease) in trade and other payables | **336,740** | (17,916) |
| - increase/(decrease) in provisions | **65,758** | 200,753 |
| Cashflows from operations | **2,267,015** | 2,310,949 |

# Notes to the Financial Statements

## For the Year Ended 30 June 2019

### 15 Events Occurring After the Reporting Date

On 30 April 2020 the Group acquired 100% of the issued capital of Anycast Holdings Pty Ltd and Bosley Holdings Pty Ltd, for a purchase consideration of $ 7,025,000.

The acquisition is part of the Group's overall strategy to list on the stock exchange.

Through acquiring 100% of the issued capital of Anycast Holdings Pty Ltd and Bosley Holdings Pty Ltd the Group has obtained control of the Group.

The purchase was satisfied by the issue of 77,500,000 ordinary shares at an issue price of $ NIL each and the payment of $ 1,600,000. The issue price was based on the market price on date of purchase. The financial effect of this transaction has not been brought to account in the 2019 consolidated financial statements.

### 16 Statutory Information

The registered office of the company is:

Cirrus Communications Pty Ltd
Suite 15
809-811 Pacific Highway
Chatswood NSW 2067

The principal place of business is:

Suite 1A Level 2
10 William Street
Gosford
NSW 2250

**Cirrus Communications Pty Ltd**

**ACN 109 931 731**

# Directors' Declaration

The directors have determined that the Group is not a reporting entity and that this special purpose consolidated financial report should be prepared in accordance with the accounting policies described in Note 2 to the consolidated financial statements.

The directors of the Group declare that:

1. The consolidated financial statements and notes, as set out on pages 4 to 18, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards as stated in Note 1; and

   (b) give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the consolidated financial statements.

2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

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

W P Reid

Director W P Reid (Oct 30, 2020 16:28 GMT+11) ........................................................................

William Paul Reid

Dated 30 October 2020

# INDEPENDENT AUDITOR'S REPORT

# TO THE MEMBERS OF CIRRUS COMMUNICATIONS PTY LTD

## Report on the Audit of the Financial Report

## Opinion

We have audited the financial report of Cirrus Communications Pty Ltd (the Group), which consolidated comprises the statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by directors.

In our opinion, the accompanying financial report presents fairly, in all material respects the financial position of the Group as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards to the extent described 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the financial reporting responsibilities of the board. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## Emphasis of Matter – Going Concern

We draw attention to Note 2(a) to the financial report, which describes the Group's going concern position on 30 June 2019. Our opinion is not modified in respect of this matter.

## Independence

We are independent of the Group in accordance with 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.

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved under Professional Standards Legislation

Sydney
Level 8, 1 O'Connell Street
Sydney NSW 2000 Australia
GPO Box 5446 Sydney NSW 2001
p +61 2 8346 6000
f +61 2 8346 6099

Newcastle
755 Hunter Street
Newcastle West NSW 2302 Australia
PO Box 2368 Dangar NSW 2309
p +61 2 4962 2688
f +61 2 4962 3245

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019 but does not include the financial report and our auditor's report thereon.

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

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

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

## Responsibilities of Management and Directors for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

## 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PKF

PKF

P. Pearman

PAUL PEARMAN
PARTNER

DATE 30TH OCTOBER 2020
SYDNEY, NSW