

Starboard IT Pty Limited

ABN 71 610 345 161

Annual Report - 30 June 2021

Starboard IT Pty Limited
Directors' report
30 June 2021

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2021.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Timothy Wilson
Richard Hulme
Steven Kelly

Principal activities

During the financial year the principal continuing activities of the company consisted of the provision of tailored IT solutions and managed services.

Dividends

Dividends paid during the financial year were as follows:

	2021 \$	2020 \$
Final dividend for the year ended 30 June 2021 of \$200 (2020: \$180) per ordinary share	<u>60,000</u>	<u>54,000</u>

Review of operations

The profit for the company after providing for income tax amounted to \$375,107 (30 June 2020: \$109,421).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

Subsequent to the financial year end, the Company entered into an agreement with ActivePort Group Ltd to acquire all of the ordinary share capital of the Company by way of a share swap arrangement and to inject working capital into the Company. This resulted in 300 ordinary shares in the Company being exchanged for 17,500,000 shares in Activeport Group Ltd. The agreement became unconditional on 27 September 2021 and the Company became a wholly-owned subsidiary of ActivePort Group Ltd on that date. Activeport Group Ltd has received a conditional letter of approval for admission to the official list of the Australian Securities Exchange ("ASX"), with one of the conditions precedent being the submission of this audited financial report. It is anticipated that the now parent company, will be admitted to the official list of the ASX shortly after the date of this report.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option

There were no unissued ordinary shares of the Company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the Company issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

Starboard IT Pty Limited
Directors' report
30 June 2021

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

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

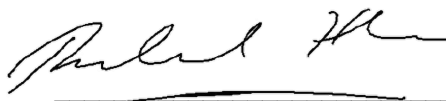
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Steven Kelly
Director

Richard Hulme
Director

14 October 2021

To the Board of Directors of Starboard IT Pty Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead audit director for the audit of the financial statements of Starboard IT Pty Ltd for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Yours sincerely



Nexia Sydney Audit Pty Ltd



Mark Boyle

Director

Sydney

Date: 14 October 2021

Starboard IT Pty Limited

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General information

The financial statements cover Starboard IT Pty Limited as an individual entity. The financial statements are presented in Australian dollars, which is Starboard IT Pty Limited's functional and presentation currency.

Starboard IT Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Hobbs Accounting
12 Hampstead Hill Road
Aldgate SA 5154

Principal place of business

Level 14
309 Kent Street
Sydney NSW 2000

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 14 October 2021. The directors have the power to amend and reissue the financial statements.

Starboard IT Pty Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue	3	3,266,119	3,115,902
Other income	4	237,300	226,000
Interest revenue		91	134
Expenses			
Employee benefits expense		(2,081,035)	(2,212,845)
Depreciation expense	5	(24,042)	(13,702)
Consultants		(476,842)	(577,631)
Cost of sales		(222,768)	(122,169)
Occupancy		(58,375)	(104,300)
Administration		(55,510)	(106,688)
Other expenses		(76,345)	(92,050)
Finance costs	5	(2,013)	(1,705)
Profit before income tax expense		506,580	110,946
Income tax expense	6	(131,473)	(1,525)
Profit after income tax expense for the year		375,107	109,421
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>375,107</u>	<u>109,421</u>

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

Starboard IT Pty Limited
Statement of financial position
As at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	7	554,225	287,989
Trade and other receivables	8	243,366	321,508
Contract assets	9	125,945	-
Income tax refund due		-	19,808
Total current assets		<u>923,536</u>	<u>629,305</u>
Total assets		<u>923,536</u>	<u>629,305</u>
Liabilities			
Current liabilities			
Trade and other payables	11	300,833	379,321
Income tax		64,129	-
Employee benefits	12	<u>71,738</u>	<u>78,255</u>
Total current liabilities		<u>436,700</u>	<u>457,576</u>
Total liabilities		<u>436,700</u>	<u>457,576</u>
Net assets		<u>486,836</u>	<u>171,729</u>
Equity			
Issued capital	13	300	300
Retained profits		<u>486,536</u>	<u>171,429</u>
Total equity		<u>486,836</u>	<u>171,729</u>

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

Starboard IT Pty Limited
Statement of changes in equity
For the year ended 30 June 2021

	Issued capital \$	Retained profits \$	Total equity \$
Balance at 1 July 2019	300	116,008	116,308
Profit after income tax expense for the year	-	109,421	109,421
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	109,421	109,421
<i>Transactions with owners in their capacity as owners:</i>			
Dividends paid (note 14)	-	(54,000)	(54,000)
Balance at 30 June 2020	<u>300</u>	<u>171,429</u>	<u>171,729</u>
	Issued capital \$	Retained profits \$	Total equity \$
Balance at 1 July 2020	300	171,429	171,729
Profit after income tax expense for the year	-	375,107	375,107
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	375,107	375,107
<i>Transactions with owners in their capacity as owners:</i>			
Dividends paid (note 14)	-	(60,000)	(60,000)
Balance at 30 June 2021	<u>300</u>	<u>486,536</u>	<u>486,836</u>

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

Starboard IT Pty Limited
Statement of cash flows
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,746,285	3,732,007
Payments to suppliers and employees (inclusive of GST)		<u>(3,346,549)</u>	<u>(3,483,808)</u>
		399,736	248,199
Interest received		91	134
Interest and other finance costs paid		(2,013)	(1,705)
Income taxes paid		<u>(47,536)</u>	<u>(110,170)</u>
Net cash from operating activities	20	<u>350,278</u>	<u>136,458</u>
Cash flows from investing activities			
Payments for property, plant and equipment	10	<u>(24,042)</u>	<u>(13,702)</u>
Net cash used in investing activities		<u>(24,042)</u>	<u>(13,702)</u>
Cash flows from financing activities			
Dividends paid	14	(60,000)	(54,000)
Repayment of borrowings		<u>-</u>	<u>(5,485)</u>
Net cash used in financing activities		<u>(60,000)</u>	<u>(59,485)</u>
Net increase in cash and cash equivalents		266,236	63,271
Cash and cash equivalents at the beginning of the financial year		<u>287,989</u>	<u>224,718</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>554,225</u></u>	<u><u>287,989</u></u>

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Starboard IT Pty Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Note 1. Significant accounting policies (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide professional or managed services is recognised over time as the services are rendered based on either a fixed amount or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 1. Significant accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Customer acquisition costs

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment	3-7 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 1. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Goods and Services Tax ('GST') and other similar taxes

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

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2021. The company does not expect a material impact from the application of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Revenue from contracts with customers involving rendering of professional services

When recognising revenue in relation to the rendering of professional services to customers, the key performance obligation of the company is considered to be when the customer simultaneously receives and consumes the benefits provided by the company or when the company creates or enhances the customer's asset.

Income tax

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Revenue

	2021 \$	2020 \$
<i>Revenue from contracts with customers</i>		
Rendering of professional services	2,969,246	2,981,261
Sale of hardware and licences	286,301	119,705
Other	10,572	14,936
Revenue	<u>3,266,119</u>	<u>3,115,902</u>

Note 3. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2021 \$	2020 \$
<i>Timing of revenue recognition</i>		
Services recognised over time	3,148,411	3,044,429
Goods transferred at a point in time	<u>117,708</u>	<u>71,473</u>
	<u><u>3,266,119</u></u>	<u><u>3,115,902</u></u>

Note 4. Other income

	2021 \$	2020 \$
Government grants	<u>237,300</u>	<u>226,000</u>

Note 5. Expenses

	2021 \$	2020 \$
Profit before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	<u>222,768</u>	<u>122,169</u>
<i>Finance costs</i>		
Interest payable to ATO	<u>2,013</u>	<u>1,705</u>
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	<u>419</u>	<u>44</u>
<i>Leases</i>		
Short-term lease payments	<u>58,375</u>	<u>104,300</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>169,562</u>	<u>213,054</u>

Note 6. Income tax expense

	2021 \$	2020 \$
<i>Income tax expense</i>		
Current tax	131,473	1,525
Aggregate income tax expense	<u>131,473</u>	<u>1,525</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	506,580	110,946
Tax at the statutory tax rate of 26% (2020: 27.5%)	131,711	30,510
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non deductible expenditure	17,403	6,911
Deferred tax asset not raised	(17,641)	(8,396)
Non taxable income	-	(27,500)
Income tax expense	<u>131,473</u>	<u>1,525</u>

Note 7. Current assets - cash and cash equivalents

	2021 \$	2020 \$
Cash on hand	300	300
Cash at bank	553,925	287,689
	<u>554,225</u>	<u>287,989</u>

Note 8. Current assets - trade and other receivables

	2021 \$	2020 \$
Trade receivables	228,163	271,625
Other receivables	15,203	7,883
Government grants	-	42,000
	<u>15,203</u>	<u>49,883</u>
	<u>243,366</u>	<u>321,508</u>

Note 9. Current assets - contract assets

	2021 \$	2020 \$
Contract assets	<u>125,945</u>	<u>-</u>

Note 10. Non-current assets - plant and equipment

	2021 \$	2020 \$
Computer equipment - at cost	65,762	41,939
Less: Accumulated depreciation	(65,762)	(41,939)
	<u>-</u>	<u>-</u>
Office equipment - at cost	7,577	7,358
Less: Accumulated depreciation	(7,577)	(7,358)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

During the year, the company had additions to plant and equipment of \$24,042 (2020: \$13,702).

Note 11. Current liabilities - trade and other payables

	2021 \$	2020 \$
Trade payables	49,477	31,616
Wage related payables	110,764	246,598
Accruals	18,484	-
BAS payable	118,641	99,289
Other payables	3,467	1,818
	<u>300,833</u>	<u>379,321</u>

Refer to note 15 for further information on financial instruments.

Note 12. Current liabilities - employee benefits

	2021 \$	2020 \$
Annual leave	<u>71,738</u>	<u>78,255</u>

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the company does not have an unconditional right to defer settlement. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 13. Equity - issued capital

	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares - fully paid	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 13. Equity - issued capital (continued)

Capital risk management

The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 14. Equity - dividends

Dividends

Dividends paid during the financial year were as follows:

	2021	2020
	\$	\$
Final dividend for the year ended 30 June 2021 of \$200 (2020: \$180) per ordinary share	<u>60,000</u>	<u>54,000</u>

Franking credits

	2021	2020
	\$	\$
Franking credits available for subsequent financial years based on a tax rate of 26% (2020: 27.5%)	<u>22,599</u>	<u>2,791</u>

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 15. Financial instruments

Financial risk management objectives

The company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by the Board of Directors ('the Board').

Market risk

The company is not exposed to any significant price, foreign currency, or interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has a strict code of credit, including obtaining credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The company does not hold any collateral.

Note 15. Financial instruments (continued)

Liquidity risk

Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 16. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2021 \$	2020 \$
Short-term employee benefits	234,124	302,159
Post-employment benefits	24,462	28,682
	<u>258,586</u>	<u>330,841</u>

Note 17. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 16.

Transactions with related parties

The following transactions occurred with related parties:

	2021 \$	2020 \$
Payment for other expenses:		
Consulting fees paid to Harlly & Co Pty Ltd (an entity related to Richard Hulme)	66,610	-

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 18. Auditors remuneration

During the current and previous financial years, any fees were paid or payable for services provided by Nexia Sydney Audit Pty Ltd, the auditor of the Company, were borne by ActivePort Group Ltd as part of the acquisition process. Total remuneration of the auditors for the year amounted to \$16,000 (\$2020: \$14,000).

Note 19. Events after the reporting period

Subsequent to the financial year end, the Company entered into an agreement with ActivePort Group Ltd to acquire all of the ordinary share capital of the Company by way of a share swap arrangement and to inject working capital into the Company. This resulted in 300 ordinary shares in the Company being exchanged for 17,500,000 shares in Activeport Group Ltd. The agreement became unconditional on 27 September 2021 and the Company became a wholly-owned subsidiary of ActivePort Group Ltd on that date. Activeport Group Ltd has received a conditional letter of approval for admission to the official list of the Australian Securities Exchange ("ASX"), with one of the conditions precedent being the submission of this audited financial report. It is anticipated that the now parent company, will be admitted to the official list of the ASX shortly after the date of this report.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 20. Reconciliation of profit after income tax to net cash from operating activities

	2021	2020
	\$	\$
Profit after income tax expense for the year	375,107	109,421
Adjustments for:		
Depreciation and amortisation	24,042	13,702
Change in operating assets and liabilities:		
Change in trade and other receivables	(47,803)	26,359
Change in trade and other payables	(78,488)	85,321
Change in provision for income tax	83,937	(108,645)
Change in employee benefits	(6,517)	10,300
Net cash from operating activities	<u>350,278</u>	<u>136,458</u>

Note 21. Commitments

The Company had no significant commitments as at 30 June 2021 or 30 June 2020.

Note 22. Contingencies

At year end, the company did not have any contingent assets or contingent liabilities (2020: none)

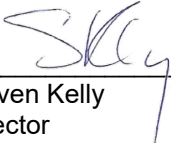
Starboard IT Pty Limited
Directors' declaration
30 June 2021

In the directors' opinion:


- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- 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 directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Steven Kelly
Director



Richard Hulme
Director

14 October 2021

Independent Auditor's Report to the Members of Starboard IT Pty Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Starboard IT Pty Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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.

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.

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 Corporations Act 2001 and the ethical requirements of the Accounting Professional & 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information comprises the information in Starboard IT Pty Limited's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Directors' responsibility 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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 Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_files/ar4.pdf. This description forms part of our auditor's report.

The Nexia logo is written in a stylized, cursive script.

Nexia Sydney Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'Mark Boyle'.

Mark Boyle

Director

Sydney

Dated: 14 October 2021