AVADA Aggregated Group

Special Purpose Financial Statements

For the Years Ended

30 June 2021, 30 June 2020 & 30 June 2019

Aggregating:

A2O Pty Limited and its subsidiary
D&D Services (Australia) Pty Limited and its subsidiary
Platinum Traffic Services Pty Ltd
The Traffic Marshal Pty Ltd
Verifact Traffic Pty Ltd

Financial Statements

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Statement of profit or loss and other comprehensive income

	Note	2021 $	2020 $	2019 $
Revenue	5	117,390,127	107,478,408	94,429,270
Direct expenses		(89,326,883)	(81,693,085)	(69,545,552)
Gross profit		**28,063,244**	**25,785,323**	**24,883,718**
Other income	6	375,627	622,608	222,318
Depreciation and amortisation expense	12	(3,550,465)	(3,533,795)	(3,168,384)
Non-direct wages and salaries		(9,338,638)	(8,905,219)	(8,569,832)
Net finance income/(costs)	7	(578,742)	(700,311)	(35,554)
Other expenses		(5,571,146)	(5,905,031)	(6,107,486)
Profit before income tax		**9,399,880**	**7,363,575**	**7,224,780**
Income tax expense	8	(2,682,606)	(2,097,374)	(2,122,453)
Profit for the year		**6,717,274**	**5,266,201**	**5,102,327**
Other comprehensive income for the year net of income tax		-	-	-
Total comprehensive income for the year		**6,717,274**	**5,266,201**	**5,102,327**

The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June | AVADA Aggregated Group

	Note	2021 $	2020 $	2019 $
ASSETS				
Current assets				
Cash and cash equivalents	**9**	6,308,573	2,858,078	3,920,160
Trade and other receivables	**10**	15,161,715	14,982,258	16,640,060
Current tax receivable	**8**	-	-	56,258
Other current assets	**11**	472,420	648,050	395,736
Total current assets		**21,942,708**	**18,488,386**	**21,012,214**
Non-current assets				
Trade and other receivables	**10**	1,088,185	21,629,690	16,902,453
Property, plant and equipment	**12**	12,259,631	13,086,443	13,533,231
Deferred tax assets	**8**	509,719	681,665	822,549
Other non-current assets		5,494	10,031	12,170
Total non-current assets		13,863,029	35,407,829	31,270,403
TOTAL ASSETS		**35,805,737**	**53,896,215**	**52,282,617**
LIABILITIES				
Current liabilities				
Trade and other payables	**13**	5,584,539	4,698,116	4,762,576
Lease liabilities	**14**	1,748,672	2,599,838	2,612,895
Current tax liability	**8**	700,086	1,703,471	1,745,963
Provisions	**15**	2,440,118	1,842,276	1,612,681
Other current liabilities	**16**	3,266,036	3,446,341	2,530,895
Loans payable	**17**	1,101,360	17,852,856	17,431,479
Borrowings	**18**	1,797,916	812,238	750,108
Total current liabilities		**16,638,727**	**32,955,136**	**31,446,597**
Non-current liabilities				
Lease liabilities	**14**	3,756,322	3,842,547	5,663,579
Deferred tax liabilities	**8**	575	-	-
Provisions	**15**	168,509	157,616	166,294
Loans payable	**17**	1,351,159	1,760,131	1,707,167
Borrowings	**18**	1,152,502	1,366,497	582,774
Total non-current liabilities		6,429,067	7,126,791	8,119,814
TOTAL LIABILITIES		23,067,794	40,081,927	39,566,411
NET ASSETS		**12,737,943**	**13,814,288**	**12,716,206**
EQUITY				
Share capital	**20**	1,572,837	1,572,837	1,572,837
Retained earnings		11,165,106	12,241,451	11,143,369
TOTAL EQUITY		**12,737,943**	**13,814,288**	**12,716,206**

The accompanying notes form part of these financial statements.

Statement of changes in equity

	Note	Share capital $	Retained earnings $	Total $
Balance at 1 July 2018		1,572,837	7,922,163	9,495,000
Total comprehensive income for the year		-	5,102,327	5,102,327
Dividends declared	**21**	-	(1,881,121)	(1,881,121)
Balance at 30 June 2019		**1,572,837**	**11,143,369**	**12,716,206**
Balance at 1 July 2019		1,572,837	11,143,369	12,716,206
Total comprehensive income for the year		-	5,266,201	5,266,201
Dividends declared	**21**	-	(4,168,119)	(4,168,119)
Balance at 30 June 2020		**1,572,837**	**12,241,451**	**13,814,288**
Balance at 1 July 2020		1,572,837	12,241,451	13,814,288
Total comprehensive income for the year		-	6,717,274	6,717,274
Dividends declared	**21**	-	(7,793,619)	(7,793,619)
Balance at 30 June 2021		**1,572,837**	**11,165,106**	**12,737,943**

The accompanying notes form part of these financial statements.

Statement of cash flows

For the financial years ended 30 June 2021, 30 June 2020 and 30 June 2019 — AVADA Aggregated Group

	Note	12 months to 30 June 2021 $	12 months to 30 June 2020 $	12 months to 30 June 2019 $
Cash flows from operating activities				
Receipts from customers		126,222,178	117,422,554	83,201,445
Payments to suppliers and employees		(99,663,764)	(73,287,273)	(62,805,244)
Interest paid		(493,828)	(627,532)	(574,972)
Interest received		157	6,710	51
Income taxes paid		(3,514,134)	(1,942,723)	(1,356,170)
Net cash (used in)/generated by operating activities*	**9**	**22,550,609**	**41,571,736**	**18,465,110**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		251,559	144,424	143,002
Acquisition of property plant and equipment		(1,159,499)	(2,412,799)	(3,040,041)
Advances of loans		(51,171)	(252,272)	(71,615)
Dividends received		-	-	240,000
Interest received		376	9,999	23,632
Net cash (used in)/generated by investing activities**		**(958,735)**	**(2,510,648)**	**(2,705,022)**
Cash flows from financing activities				
Dividends paid	**21**	(2,918,835)	(3,938,119)	(1,881,121)
Proceeds from borrowings		1,290,130	1,850,091	2,192,111
Repayment of borrowings		(568,817)	(499,393)	(222,385)
Repayment of lease liabilities		(2,753,335)	(2,646,997)	(2,114,569)
Movement in related party loans		(13,190,522)	(34,888,753)	(12,468,288)
Net cash generated by/(used in) financing activities***		**(18,141,379)**	**(40,123,171)**	**(14,494,252)**
Net (decrease)/increase in cash and cash equivalents		3,450,495	(1,062,083)	1,265,836
Cash and cash equivalents at beginning of year		2,858,078	3,920,160	2,654,324
Cash and cash equivalent at end of year	**9**	**6,308,573**	**2,858,077**	**3,920,160**

* Net cash generated by operating activities has been impacted by the effect of transactions settled on behalf of the Company by related party entities. Refer to notes 9 and 23 for further details.

**Net cash used in investing activities has been impacted by the effect of transactions settled on behalf of the Company by related party entities. Refer to notes 9 and 23 for further details.

***Net cash used in financing activities has been impacted by the effect of transactions settled on behalf of the Company by related party entities. Refer to notes 9 and 23 for further details.

The accompanying notes form part of these financial statements.

1 General information

The aggregated financial statements ("financial statements") cover the AVADA Aggregated Group ("the Group").

The Group's principal activities are traffic management services throughout Queensland and New South Wales.

These special purpose financial statements have been prepared solely for the purpose of AVADA Group Limited seeking admission to the Australian Securities Exchange ("ASX") through an initial public offering ("IPO") in or around November 2021. The financial statements aggregate the entities listed in note 22 which will make up the proposed IPO Group except for the holding entity, AVADA Group Limited, which is not included in the financial statements.

For the purposes of preparing these financial statements, the Group consists of for-profit entities.

2 Significant accounting policies

2.1 Statement of compliance

These special purpose financial statements have been prepared in accordance with the basis of accounting and disclosure requirements specified by all Australian Accounting Standards applicable to Tier 1 entities, except the requirements of the Australian Accounting Standard listed below:

• AASB 10: Consolidated Financial Statements
• AASB 8: Operating Segments
• AASB 133: Earnings Per Share

AASB 10 has been applied to the fullest extent possible, but cannot be fully complied with as there is no common controlling entity for the Group during all periods presented in these financial statements.

No Earnings Per Share measure has been disclosed as there is no single controlling entity (and therefore number of shares) to apply to the Group during all periods presented in these financial statements.

No segment information has been disclosed as there was no common chief operating decision maker for the Group during all periods presented in these financial statements.

3 Basis of preparation

The financial statements have been prepared on the basis of historical cost. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted, which is the functional and presentation currency of the Group.

3.1 Use of estimates and judgements

The preparation of financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The areas involving significant estimates or judgements are:

• estimation of the useful life of property, plant and equipment - note 4(i)
• estimation uncertainties and judgements made in relation to lease accounting – note 4(ii)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

3.2 New or amended standards adopted by the Group

The Group has applied all accounting standards that became effective during the period from 1 July 2019 to 30 June 2021 to all periods presented in these financial statements.

3.3 New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3.4 Principles of aggregation

These financial statements are aggregated financial statements and are not consolidated financial statements as required by AASB 10 'Consolidated Financial Statements'. As at 30 June 2021, there is no basis for the preparation of consolidated financial statements as there is no common ownership of the entities which make up the Group. The financial statements comprise the aggregated statements of financial position as at 30 June 2021, 30 June 2020 and 30 June 2019, the aggregated statements of profit or loss and other comprehensive income, the aggregated statements of changes in equity and the aggregated statements of cash flows of the entities listed in Note 22 for the years then ended.

Throughout these financial statements, the term 'the Group' refers to the aggregation of the entities detailed in Note 22.

The aggregated Group differs from a consolidated entity in that there is no single parent entity in the aggregated Group. As a consequence of the financial statements being prepared on an aggregated basis, no eliminations have occurred in relation to equity balances for any entities not held within the aggregated Group, specifically: issued capital, retained earnings and reserves.

All entities have a 30 June financial year end and are domiciled and operate in Australia.

3.5 Revenue

The Group recognises revenue primarily from the provision of traffic management services.

The Group provides traffic management services to a range of customers in Australia. Traffic control and management services includes integrated traffic management services including planning and permit, traffic control, equipment hire, event management and incident response.

Revenue in relation to traffic management services is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties and is recognised as the performance obligation is satisfied over time.

Revenue is recognised as traffic management services are performed as the directors have assessed the contractual arrangements with the Group's customers and determined that the customer simultaneously receives and consumes the benefits as the Group performs the service.

3.6 Other income

Government grants

Government grants are recognised at fair value where there is a reasonable certainty that the grant will be received upon meeting the terms and conditions.

Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

During the COVID-19 pandemic, the Group has received stimulus payments from the Australian Government including the cash flow boost and JobKeeper subsidies. These have been recognised as other income in the financial statements.

Gain on disposal of non-current assets

When a non-current asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

3.7 Finance income and finance costs

Finance income comprises interest income on cash and cash equivalents.

Finance costs comprise interest expense on borrowings, leases and bank overdraft. Borrowing costs are recognised in the statement of profit or loss using the effective interest rate method.

3.8 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.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, 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 utilised. 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.

3.9 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(a) Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or

(b) For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

3.10 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.

Bank overdraft facility balances are also included within cash and cash equivalents, rather than borrowings, on the basis that the balances are an essential working capital component of the business which are short-term in nature and only drawn down as required from time-to-time.

For the purposes of the statement of cashflows, cash and cash equivalents are net of bank and overdrafts.

3.11 Financial Instruments

(i) Recognition and initial measurement

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL (at fair value through profit or loss).

Financial assets are not reclassified subsequent to their initial recognition unless the Group 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.

(ii) Classification and subsequent measurement (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group 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 Group 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 Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest rate 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.

(iii) Share capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect. Dividends thereon are recognised as distributions within equity upon declaration by the directors.

3.12 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability compromise:

• Fixed lease payments (including in-substance fixed payments), less any lease incentives
• Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
• The amount expected to be payable by the lessee under residual value guarantees
• The exercise price of purchase options, if the lessee is reasonably certain to exercise the options.
• Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

3.12 Leases (continued)

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use assets) whenever:

• The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liabilities are remeasured by discounting the revised lease payments using a revised discount rate
• The lease payments change due to changes in an index or rate or a change in expected payment under guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised leased payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
• A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group has made adjustments during the year ended 30 June 2021 in relation to the lease liability (and corresponding right-of-use asset) recognised for A2O Pty Limited as a result of a change in the lease term.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137 Provisions, Contingent Liabilities and Contingent Assets. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘Property, plant and equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line ‘Other expenses’ in the statement of profit or loss. As a practical expedient, AASB 16 Leases permits a lessee not to separate non-lease components, and instead account for any lease and associates non-lease component as a single arrangement. The Group has not used this practical expedient.

3.13 Impairment

(i) Non-derivative financial assets

The Group's financial assets as of 30 June 2021, 30 June 2020 and 30 June 2019 comprised of trade receivables, other receivables and loans receivable.

The Group always recognises lifetime expected credit losses ("ECL") for trade receivables and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all loans receivable, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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 Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group 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.

Evidence that a financial asset is credit-impaired includes the following observable data:
• significant financial difficulty of the borrower or issuer;
• a breach of contract such as a default;
• the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
• it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
• the disappearance of an active market for a security because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

3.13 Impairment (continued)

(ii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of goodwill is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.15 Employee benefits

(i) 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.

(ii) Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

3.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the year of the borrowings using the effective interest rate method.

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

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

3.17 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on other assets is calculated using the diminishing value or straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Category	**Useful life**
Leasehold improvements	2 to 4 years
Plant and equipment	1 to 20 years
Motor vehicles	1 to 12 years
Office furniture and equipment	1 to 12 years
Right of use assets	Lease term

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in profit or loss.

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is shorter.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Property, plant and equipment

The estimation of useful lives, residual value and depreciation methods requires significant judgement and are reviewed at each reporting date. If they need to be modified, the depreciation expense is accounted for prospectively from the date of reassessment until the end of the revised useful life (for both the current and future periods). Such revisions are generally required when there are changes in economic circumstances, business plans and strategies, expected level of usage and future technological developments impacting specific assets or groups of assets. It is possible that future results of operations could be materially affected by changes in these estimates.

(ii) Leases

In applying AASB 16, the Group has made certain assumptions and judgements, including, but not limited to, the appropriate discount rate on incremental borrowing rates and determining whether it is reasonably certain that lease extension options will be exercised.

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

	2021 $	2020 $	2019 $

5 Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Type of service

	2021 $	2020 $	2019 $
Revenue attributable to the provision of traffic management services – recognised over time	117,390,127	107,478,408	94,429,270
	117,390,127	107,478,408	94,429,270

The Group generates revenue from the provision of traffic management services to government clients at state and council levels, federally funded contractors and major contractors in the utilities, infrastructure and other industrial sectors throughout Queensland and New South Wales.

6 Other income

	2021 $	2020 $	2019 $
Profit/loss on sale of non-current assets	34,928	18,910	9,037
Government grants	256,597	405,302	50,980
Other	84,102	198,396	162,301
	375,627	622,608	222,318

7 Net finance income/(cost)

	2021 $	2020 $	2019 $
Dividends received	-	57,000	598,620
Interest income	533	16,717	23,683
Interest expense	(579,275)	(774,028)	(657,857)
	(578,742)	(700,311)	(35,554)

	2021 $	2020 $	2019 $
8 Income tax			
Current tax expense	2,510,084	1,956,489	2,368,789
Deferred tax expense			
Origination and reversal of temporary difference	172,522	140,884	(246,004)
Over/under provision in prior year	-	-	(332)
	172,522	140,884	(246,336)
Income tax expense from continuing operations	2,682,606	2,097,373	2,122,453
Numerical reconciliation of income tax expense to prima facie tax payable			
Profit from continuing operations before income tax expense	9,399,882	7,363,576	7,224,779
Tax at the applicable Australian Tax rates	2,606,027	2,105,882	2,044,832
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Non-allowable expenses	81,001	92,360	137,019
Non-assessable non-exempt income	(26,000)	(55,000)	-
Change in future deferred tax rate	9,977	3,001	-
Tax effect of losses not previously recognised	-	-	(2,188)
Other items	11,601	(48,869)	(56,878)
Over/under provision in prior year	-	-	(332)
Total income tax expense	2,682,606	2,097,374	2,122,453
Income tax payable	(700,086)	(1,703,471)	(1,745,963)
Income tax receivable	-	-	56,258
Net Income tax receivable/(payable)	**(700,086)**	**(1,703,471)**	**(1,689,705)**
Deferred tax balances			
Assets			
Provisions	818,484	625,503	574,022
Property, plant & equipment	39,317	30,947	37,608
Receivables and accruals	-	61,064	46,694
Payables and accruals	99,264	98,357	146,757
Lease liabilities	1,117,094	997,370	1,111,424
Other	41,374	112,868	3,159
Total	2,115,533	1,926,109	1,919,664
Liabilities			
Property, plant & equipment	(1,602,496)	(1,230,842)	(1,091,798)
Payables and accruals	-	(2,340)	-
Receivables and accruals	-	(7,800)	-
Other	(3,893)	(3,462)	(5,317)
Total	(1,606,389)	(1,244,444)	(1,097,115)
Net deferred tax asset/(liability)	**509,144**	**681,665**	**822,549**
Represented on the statement of financial position as:			
Deferred tax asset	509,719	681,665	822,549
Deferred tax liability	(575)	-	-
Net deferred tax asset/(liability)	**509,144**	**681,665**	**822,549**

A20 Pty Limited, D&D Services (Australia) Pty Limited, Platinum Traffic Services Pty Ltd and The Traffic Marshal Pty Ltd qualify as base rate entities for the purpose of Australian income tax rules and are eligible to apply the base rate entity company tax rate for all years. The base rate entity company tax rate applicable to these companies is 26% (2020: 27.5%, 2019: 27.5%).

	2021 $	2020 $	2019 $
9 Cash and cash equivalents			
Cash at bank	6,255,344	3,015,129	4,237,297
Cash equivalents	53,229	53,256	9,970
Bank overdraft	-	(210,307)	(327,107)
	6,308,573	2,858,078	3,920,160

	2021 $	2020 $	2019 $
Cash flows from operating activities			
Profit for the year	6,717,274	5,266,201	5,102,327
Adjustments for:			
Depreciation	3,550,465	3,533,795	3,168,384
Interest income	-	(6,387)	(483,534)
Interest expense	69,618	112,235	33,694
Loss/(gain) on sale of property, plant and equipment	121,008	45,018	470,968
Other non-cash items	15,450	22,117	225
	10,473,815	8,972,979	8,292,064
Changes in assets and liabilities			
(Increase)/decrease in trade and other receivables	(138,110)	1,203,940	(6,189,104)
(Increase)/decrease in other assets	175,631	(252,312)	(55,956)
(Increase)/decrease in deferred tax assets	172,522	140,883	(306,278)
(Decrease)/increase in trade and other payables	1,142,910	(85,297)	3,125,498
(Decrease)/increase in current tax payable	(1,004,049)	14,433	1,080,334
(Decrease)/increase in provisions	419,908	239,947	456,176
(Decrease)/increase in other current liabilities	(436,795)	936,280	318,093
Net increase in loan accounts attributable to:			
- Receipts from customers on behalf of the Company	(313,448)	(191,641)	(12,665,447)
- Payments to employees and suppliers on behalf of the Company	12,058,225	30,592,525	24,409,730
Cash generated from operating activities	22,550,609	41,571,737	18,465,110

Non-cash transactions

One of the Group entities, Verifact Traffic Pty Ltd, is part of a group of entities ultimately owned by Midmarlar Pty Ltd (66.6%) and Protocol Surveillance Pty Ltd (33.4%). During the periods presented, a number of significant non-cash related party transactions occurred that impacted Verifact Traffic Pty Ltd. These included:

- receipts by related party entities from customers on behalf of Verifact Traffic Pty Ltd: $313,448 (2020: $191,641) (2019: $12,665,447);
- payments by related party entities to suppliers and employees on behalf of Verifact Traffic Pty Ltd: $12,063,206 (2020: $30,599,670) (2019: $24,432,825);
- interest paid by related party entities on behalf of Verifact Traffic Pty Ltd: $69,618 (2020: $112,235) (2019: $33,694);
- payments for property, plant and equipment by related party entities on behalf of Verifact Traffic Pty Ltd: $nil (2020: nil) (2019: $509,864);
- repayment of borrowings by related parties on behalf of Verifact Traffic Pty Ltd: $417,588 (2020: $359,564) (2019: $78,781); and
- repayment of lease liabilities by related parties on behalf of Verifact Traffic Pty Ltd: $81,713 (2020: $78,765) (2019: $75,923).

The receipts and payments by related party entities on behalf of Verifact Traffic Pty Ltd were recorded in the related party inter-entity loan accounts. Refer to note 23.

The acquisition of the traffic business on 1 July 2018 from the Verifact Unit Trust (a related party to Verifact Traffic Pty Ltd) was a non-cash transaction financed through a loan from the Verifact Unit Trust. Refer to note 24. In addition to the acquisition of the traffic business, as set out in note 24, Verifact Traffic Pty Ltd acquired property, plant and equipment with a net carrying value of $76,020 from Verifact (Qld) Pty Ltd (a related party to Verifact Traffic Pty Ltd) on loan account during the year ended 30 June 2019.

On 30 June 2021, the directors of Verifact Traffic Pty Ltd (who are also directors and shareholders of the related party entities to Verifact Traffic Pty Ltd and the trustee company for the Verifact Unit Trust (a related party entity to Verifact Traffic Pty Ltd) passed a resolution to offset related party loan receivable balances at 30 June 2020 against the loan payable to the Verifact Unit Trust at 30 June 2020. This resulted in the full settlement of the loan balance owing to Verifact Unit Trust at 30 June 2020. The remaining loan receivable after the offset at 30 June 2020 was declared as a non-cash dividend during 2021. The dividend declared amounted to $4,634,784.

	2021 $	2020 $	2019 $
10 Trade and other receivables			
Current			
Trade receivables	14,251,634	14,215,051	15,460,396
Other receivables	31,837	-	-
Loans receivable	322,672	422,048	856,904
Accrued Income	584,261	533,987	492,558
Less: Expected credit losses	(28,689)	(188,828)	(169,798)
	15,161,715	14,982,258	16,640,060
Non current			
Trade receivables	71,889	81,888	82,710
Loans receivable	1,016,296	21,547,802	16,819,743
	1,088,185	21,629,690	16,902,453

11 Other current assets

	2021 $	2020 $	2019 $
Prepayments	302,180	197,977	105,672
Other current assets	170,240	450,073	290,064
	472,420	648,050	395,736

12 Property, plant and equipment

	2021 $	2020 $	2019 $
Property improvements at cost	22,025	22,025	22,025
Less: accumulated depreciation	(20,505)	(19,492)	(17,804)
	1,520	2,533	4,221
Motor Vehicles at cost	12,450,300	11,262,338	8,478,700
Less: accumulated depreciation	(6,682,399)	(5,434,585)	(3,439,319)
	5,767,901	5,827,753	5,039,381
Plant and Equipment at cost	2,816,779	2,868,990	2,343,792
Less: accumulated depreciation	(1,760,175)	(1,900,481)	(1,475,594)
	1,056,604	968,509	868,198
Office Furniture & Equipment	439,188	522,905	483,312
Less: accumulated depreciation	(325,675)	(435,774)	(384,481)
	113,513	87,131	98,831
Right of use asset - Land and Buildings	4,394,854	3,210,749	3,167,669
Less accumulated depreciation	(1,602,043)	(1,255,923)	(829,940)
	2,792,811	1,954,826	2,337,729
Right of use asset - Motor Vehicles	5,724,727	6,911,517	7,798,702
Less accumulated depreciation	(3,251,676)	(2,804,974)	(2,918,514)
	2,473,051	4,106,543	4,880,188
Right of use asset - Plant and equipment	254,776	254,776	434,776
Less accumulated depreciation	(200,545)	(115,628)	(130,093)
	54,231	139,148	304,683
Total Property, Plant and Equipment at cost	26,102,649	25,053,300	22,728,976
Less accumulated depreciation Property Plant and Equipment	(13,843,018)	(11,966,857)	(9,195,745)
	12,259,631	13,086,443	13,533,231
Depreciation and amortisation expense recognised in profit or loss:			
Depreciation and amortisation – Right of use assets	1,704,416	1,868,965	1,948,949
Depreciation and amortisation – Other property, plant and equipment	1,846,049	1,664,830	1,219,435
Total	3,550,465	3,533,795	3,168,384

Direct costs do not include depreciation and amortisation expenses.

	2021 $	2020 $	2019 $
13 Trade and other payables			
Trade payables	2,887,777	1,908,340	1,790,250
Accrued expenses	645,451	762,479	1,085,311
GST payable	1,085,657	969,439	763,497
Other payables	965,654	1,057,858	1,123,518
	5,584,539	4,698,116	4,762,576

14 Lease liabilities

	2021 $	2020 $	2019 $
Current			
Lease liability - Land & Buildings	630,426	624,791	693,651
Lease liability - Motor Vehicles	1,118,246	1,975,047	1,919,244
	1,748,672	2,599,838	2,612,895
Non-Current			
Lease liability - Land & Buildings	2,387,174	1,617,857	1,998,562
Lease liability - Motor Vehicles	1,369,148	2,224,690	3,665,017
	3,756,322	3,842,547	5,663,579

The maturity analysis of lease liabilities (including future interest) is as follows:

	2021 $	2020 $	2019 $
Less than 1 year	1,964,198	2,866,523	2,925,992
1 to 5 years	3,050,686	3,253,848	5,217,685
More than 5 years	1,388,750	1,440,000	1,560,000
Total	6,403,634	7,560,371	9,703,677

Details of the Group's significant lease arrangements are disclosed below:

Verifact Traffic Pty Ltd

Verifact Traffic Pty Ltd entered into a three-year lease dated 1 June 2021, with an option to extend the lease for two further terms of 1 year each, with Midmarlar Pty Ltd as trustee for The Crowley Family Trust, a related party of Verifact Traffic Pty Ltd, in respect of the premises at 18 Vanessa Boulevard, Springwood Queensland 4127.

The annual rent payable on the lease is $146,746 (exclusive of GST) and the lease liability in relation to the lease at 30 June 2021 is $705,406.

D&D Services (Australia) Pty Ltd and D&D Traffic Management Pty Ltd

D&D Services (Australia) Pty Ltd is a party to a two-year lease dated 1 June 2021, with an option to extend the lease a period of two further terms of 2 years, with Reil Dealership Bonds Pty Ltd, in respect of premises at 1/65 Market Street, Wollongong, New South Wales 2500.

The lease was originally with D&D Property Holdings Pty Ltd, a related party. D&D Property Holdings Pty Ltd sold its property portfolio, including the above property and associated lease, to Reil Dealership Bonds Pty Ltd during September 2021.

The annual rent payable on the lease is $75,000 (exclusive of GST) and the lease liability in relation to the lease as at 30 June 2021 is $424,375.

D&D Traffic Management Pty Ltd is a party to a two-year lease dated 1 June 2021 with Reil Dealership Bonds Pty Ltd, in respect of premises at 132 Toongabbie Road, Girraween, New South Wales 2145.

The lease was originally with D&D Property Holdings Pty Ltd, a related party. D&D Property Holdings Pty Ltd sold its property portfolio, including the above property and associated lease, to Reil Dealership Bonds Pty Ltd during September 2021.

The annual rent payable on the lease is $152,919 (exclusive of GST)and the lease liability in relation to the lease as at 30 June 2021 is $288,744.

	2021 $	2020 $	2019 $

14 Lease liabilities (continued)

A2O Pty Ltd

A20 Pty Ltd entered into a 20 year lease dated 1 July 2017 with Pearl Bowe Nominees Pty Ltd as trustee for the Pearl Bowe Retirement Trust, a related party of A20 Pty Ltd, in respect of the premises at 66-72 Northern Link Circuit, Shaw, Queensland 4818. The lease term includes an initial five-year period, followed by three five-year option periods.

The annual rent payable on the lease is $120,000 (exclusive of GST) and the lease liability in relation to the lease at 30 June 2021 is $1,223,279.

Platinum Traffic Services Pty Ltd

Platinum Traffic Services is also party to a number of motor vehicle leases which are typically on three year terms.

The lease liability in relation to these motor vehicle leases as at 30 June 2021 is $470,277.

15 Provisions

	2021 $	2020 $	2019 $
Current			
Annual leave	1,957,658	1,539,376	1,356,295
Long service leave	482,460	302,900	256,386
	2,440,118	1,842,276	1,612,681
Non-Current			
Long service leave	168,509	157,616	166,294
	168,509	157,616	166,294

16 Other current liabilities

	2021 $	2020 $	2019 $
Payroll tax payable	509,146	509,158	298,488
Superannuation payable	582,452	433,709	375,195
PAYG Withholding payable	1,355,563	1,085,615	821,244
Other payroll deductions	691,930	831,651	853,596
FBT payable	28,790	27,308	13,279
Other current liabilities	98,155	558,900	169,093
	3,266,036	3,446,341	2,530,895

17 Loans payable

	2021 $	2020 $	2019 $
Current			
Secured Bank Loans			
CBA	497,767	507,571	417,347
Unsecured			
Related Party - Verifact Unit Trust	480,500	16,913,017	16,611,054
Related Party - Directors	123,093	432,268	394,258
Related Party - Employees	-	-	8,820
	1,101,360	17,852,856	17,431,479
Non current			
Secured Bank Loans			
CBA	1,351,159	1,760,131	1,707,167
	1,351,159	1,760,131	1,707,167

The CBA loans relate to three separate loans form the Commonwealth Bank of Australia for the purchase of vehicles and equipment. The loans are secured by the purchased vehicles and equipment, are repayable over a fixed period and attract interest at variable interest rates.

Related party loan balances are unsecured, interest free, have no fixed terms of repayment and are repayable on demand, with the exception of a loan payable to A2O Pty Limited amounting to $118,797 as at 30 June 2021. The loan payable to A2O Pty Limited is unsecured, interest-bearing and repayable over a fixed period via fixed monthly instalments.

18 Borrowings

	2021 $	2020 $	2019 $
Current			
Chattel mortgage liability	722,713	550,108	371,705
NAB - Debtor Finance	1,075,203	262,130	378,403
	1,797,916	812,238	750,108
Non-Current			
Chattel mortgage liability	1,152,502	1,366,497	582,774
	1,152,502	1,366,497	582,774

Chattel mortgage liabilities are related to the purchase of vehicles and equipment. These borrowings are secured by the purchased vehicles and equipment, are repayable over a fixed period and attract interest at a fixed interest rate.

19 Contractual maturity of financial liabilities

The contractual maturity of trade and other payables, loans and borrowings based on the earliest date that the Group may be required to pay is as follows:

	2021 $	2020 $	2019 $
Interest bearing - floating rate			
Less than 1 year	497,767	507,571	417,347
1 to 5 years	1,351,159	1,760,131	1,707,167
More than 5 years	-	-	-
Total	1,848,926	2,267,702	2,124,514
Interest bearing - fixed rate			
Less than 1 year	797,277	1,111,318	786,296
1 to 5 years	1,152,502	1,366,498	582,774
More than 5 years	-	-	-
Total	1,949,779	2,477,816	1,369,070
Non-interest bearing - fixed rate			
Less than 1 year	10,454,804	25,190,664	24,271,418
1 to 5 years	-	-	-
More than 5 years	-	-	-
Total	10,454,804	25,190,664	24,271,418
Total	14,253,509	29,936,182	27,765,002

20 Share capital

	2021	2020	2019
Number of Ordinary Shares			
A2O Pty Limited	4	4	4
D&D Services (Australia) Pty Ltd	116,732	116,732	116,732
Platinum Traffic Services Pty Ltd	100	100	100
The Traffic Marshal Pty Ltd	1	1	1
Verifact Traffic Pty Ltd	1,456,000	1,456,000	1,456,000
In issue at the beginning of the year	1,572,837	1,572,837	1,572,837
In issue at the end of the year	1,572,837	1,572,837	1,572,837

All issued shares are fully paid. All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of each individual Company.

	2021 $	2020 $	2019 $
21 Dividends			
Dividends paid	7,793,619	4,168,119	1,881,121
Dividends were paid by the following entities:			
A2O Pty Limited	240,000	230,000	-
D&D Services (Australia) Pty Limited	1,358,835	898,119	1,848,621
Platinum Traffic Services Pty Ltd	60,000	40,000	32,500
The Traffic Marshal Pty Ltd	1,500,000	3,000,000	-
Verifact Traffic Pty Ltd	4,634,784	-	-
	7,793,619	4,168,119	1,881,121

Dividend franking account

Balance of franking account at financial year-end adjusted for franking credits arising from the payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years.

	2021 $	2020 $	2019 $
A2O Pty Limited	2,147,126	1,791,815	1,705,342
D&D Services (Australia) Pty Limited	230,237	432,529	494,533
Platinum Traffic Services Pty Ltd	570,633	387,071	496,502
The Traffic Marshal Pty Ltd	377,789	261,608	796,729
Verifact Traffic Pty Ltd	708,716	828,356	-
	4,034,501	3,701,379	3,493,106

The above available amounts are based on the balance of the dividend franking account at year-end

(i) franking credits that will arise from the payment of the current tax liability;

(ii) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

(iii) franking credits that will arise from the receipt of dividends recognised as receivables by the respective Companies at the year-end; and

(iv) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

22 Aggregated entity details

	Equity Holding		
	2021 %	2020 %	2019 %
A2O Pty Limited	100	100	100
Arid to Oasis Traffic Solutions Pty Ltd (wholly owned subsidiary)	100	100	100
D&D Services (Australia) Pty Limited	100	100	100
D&D Traffic Management Pty Limited (wholly owned subsidiary)	100	100	100
Platinum Traffic Services Pty Ltd	100	100	100
The Traffic Marshal Pty Ltd	100	100	100
Verifact Traffic Pty Ltd	100	100	100

The equity holding percentage reflects the economic interest within these aggregated accounts. All entities operate and are domiciled in Australia.

23 Related party transactions

Balances and transactions between each of the entities that comprise the Group (see note 22) and their respective related parties are disclosed below:

23(a) Verifact Pty Ltd

	2021 $	2020 $	2019 $
(i) Loans to/from related parties			
Loans to related parties:			
- Verifact Medical Services Pty Ltd	-	1,767,086	1,767,086
- Verifact Response Pty Ltd	4,476	14,118,658	14,059,836
- Verifact (Qld) Pty Ltd	-	905,505	905,505
- Verifact Investigations Pty Ltd	1,011,820	4,756,553	87,315
	1,016,296	21,547,802	16,819,742
Loans from related parties:			
- Verifact Unit Trust	480,500	16,913,017	16,611,054

The related party loan balances are unsecured, interest free, have no fixed terms of repayment and are repayable on demand.
Refer to note 26 for details of a subsequent event impacting related party loan balances.

(ii) Related party transactions

	2021 $	2020 $	2019 $
Non-cash related party transactions (refer to note 9);			
- Receipts from customers on behalf of the Company:			
- Verifact Investigations Pty Ltd	312,282	191,641	12,665,447
- Verifact Unit Trust	1,166	-	-
- Payments to suppliers and employees on behalf of the Company:			
- Verifact Investigations Pty Ltd	11,581,540	30,297,839	24,305,873
- Verifact Unit Trust	481,665	301,831	126,952
- Interest paid on behalf of the Company:			
- Verifact Investigations Pty Ltd	69,618	112,235	33,694
- Payments for property, plant and equipment on behalf of the Company:			
- Verifact Investigations Pty Ltd	-	-	500,864
- Repayment of borrowings on behalf of the Company:			
- Verifact Investigations Pty Ltd	417,588	359,564	78,781
- Repayment of lease liabilities on behalf of the Company:			
- Verifact Investigations Pty Ltd	81,713	78,765	75,923
Cash transfers, receipts and payments:			
- Cash transfers to related party entities:			
- Verifact Investigations Pty Ltd	(13,300,000)	(36,226,000)	(12,856,000)
- Verifact Response Pty Ltd	-	(50,000)	-
- Cash transfers from related party entities:			
- Verifact Investigations Pty Ltd	450,000	900,000	430,000
- Cash received on behalf of related party entities			
- Verifact Unit Trust	-	132	66,947

Lease of land and buildings:
The Company leases the premises that it conducts its business from at 18 Vanessa Boulevard, Springwood, 4127, Queensland, from Midmarlar Pty Ltd as trustee for the Crowley Family Trust. Daniel James Crowley, who is a director of the Company, is a shareholder and director of Midmarlar Pty Ltd and also a beneficiary of the Crowley Family Trust.

Whilst the Company leased the premises from 1 July 2018, a written lease contract was not formally entered into until 1 June 2021. From 1 July 2018 until 31 May 2021 the monthly lease payments were $6,924. From 1 June 2021, on formalisation of the lease contract, the monthly lease payment was $12,229.

The lease is accounted for in accordance with the requirements of AASB 16. A lease liability and corresponding right of use asset has been recognised.

	2021 $	2020 $	2019 $

23 Related party transactions (continued)

23(a) Verifact Pty Ltd (continued)

(iii) Remuneration of key management personnel and other employees

The managing director of the Company does not receive a salary from the Company and instead draws a distribution from a related party entity ultimately controlled by the same controlling shareholder of the Company.

The compensation of several personnel that provide services to the Company is paid by a related party that is ultimately controlled by the same controlling shareholder of the Company, with no recharge to the Company. The following are the key personnel roles that received compensation from a related party for services rendered to the Company, with the aggregated value of the compensation received.

	2021 $	2020 $	2019 $
General Manager for Corporate Services, Manager for Brand and Communications, Compliance Administrator and Administration Officer	257,472	77,289	36,135

23(b) D&D Services (Australia) Pty Ltd and D&D Traffic Management Pty Ltd

(i) Balances with related parties

	2021 $	2020 $	2019 $
Loans from related parties:			
- Directors	-	(183,665)	-
Loans to related parties:			
- TAS IP Holdings Pty Ltd	-	267	-
- Darc Holdings Pty Ltd	-	784	517
- FRD Pty Ltd	-	844	581
	-	1,895	1,098
Rental bonds:			
- D&D Property Holdings Pty Ltd	22,087	242,986	242,986
Lease liabilities:			
- D&D Property Holdings Pty Ltd	(713,119)	(374,021)	(576,833)
Trade receivables:			
- Rofabdi Pty Ltd	26,201	1,306	28,017
- Traffic and Access Solutions Pty Ltd	52,528	15,482	90,312
- D&D Property Holdings Pty Ltd	126,430	28,499	68,273
Accrued income:			
- Rofabdi Pty Ltd	1,183	-	-
Trade payables:			
- Robert Cazzolli	(474)	-	-
- Diego Diaz	(55)	-	-
- D&D Employment Services Pty Ltd	-	-	(21,904)
- D&D Property Holdings Pty Ltd	-	(10,003)	(18,283)
- Traffic and Access Solutions Pty Ltd	-	-	(21,471)
Other payroll deductions			
- Rofabdi Pty Ltd	(1,240)	(2,484)	(2,322)

(ii) Related party transactions

	2021 $	2020 $	2019 $
Dividends received			
- D&D Employment Services Pty Ltd	-	57,000	598,620
Revenue [management fees]			
D&D Property Holdings Pty Ltd	324,697	337,196	316,330
Rofabdi Pty Ltd	119,071	112,342	159,807
Traffic and Access Solutions Pty Ltd	300,154	344,935	415,827
D&D Employment Services Pty Ltd	-	-	36,489
	743,922	794,473	928,453
Revenue [service fees]			
Traffic and Access Solutions Pty Ltd	37,151	57,980	65,554
D&D Property Holdings Pty Ltd	-	-	630
	37,151	57,980	66,184

23 Related party transactions (continued)

23(b) D&D Services (Australia) Pty Ltd and D&D Traffic Management Pty Ltd (continued)

	2021 $	2020 $	2019 $
(Profit)/loss on sale of PPE			
D&D Property Holdings Pty Ltd	59,565	-	412,188
Loans forgiven			
- Traffic and Access Solutions Pty Ltd	-	-	(9,916)
- TAS IP Holdings Pty Ltd	(267)	-	(7,251)
- Darc Holdings Pty Ltd	(784)	-	(28,689)
- FRD Pty Ltd	(844)	-	-
Purchase of various goods and services from entities that are controlled by directors and key management personnel			
D&D Property Holdings Pty Ltd (*)	211,412	215,460	379,816
Traffic and Access Solutions Pty Ltd (**)	5,824	183,737	272,054
Rofabdi Pty Ltd (***)	7,116	341	79,082
Darc Holdings Pty Ltd (****)	-	267	239
FRD Pty Ltd (****)	-	263	231
TAS IP Holdings Pty Ltd (****)	-	267	-

** rental of land and buildings located at 65 Market Street, Wollongong and 132 Toongabbie Road, Girraween*
*** - supplies of traffic hire equipment for use in the provision of traffic management services*
- employee benefits expenses
- repairs and maintenance expenses
**** employee benefits expenses*
***** ASIC filing fees*

	2021 $	2020 $	2019 $
Payments on behalf of the directors			
- Robert Cazzolli	940	895	814
- Diego Diaz	221	2,036	-

D&D Services (Australia) Pty Ltd received a dividend of $240,000 from D&D Employment Services (Australia) Pty Limited during the year ended 30 June 2019. D&D Employment Services (Australia) Pty Limited was a controlled entity that was deregistered on 26 August 2020. The dividend was attributable to the distribution of the net assets of D&D Employment Services (Australia) Pty Limited as part of the deregistration process of the company.

Whilst D&D Employment Services (Australia) Pty Limited was controlled by D&D Services (Australia) Pty Limited until 26 August 2020, D&D Employment Services (Australia) Pty Limited has been excluded from the AVADA Aggregated Group financial statements as it was immaterial to the aggregated group.

23(c) A2O Pty Limited and Arid To Oasis Traffic Solutions Pty Ltd

(i) Related party transactions

A2O Pty Limited acquired the following goods & services from related entities:

	2021 $	2020 $	2019 $
Sales and purchases of goods and services			
Sale of various goods and services to entities controlled by directors and key management personnel (*)	10,359	-	9,979
Purchase of various goods and services from entities controlled by directors and key management personnel (**)	335,362	164,350	192,847
Dividend payments			
Bowe Family Trust and Bowe No.2 Family Trust (***)	240,000	230,000	-

(*) Sale of various goods and services from entities that are controlled by directors and key management personnel

The Company sold the following goods and services to entities that are controlled by directors and key management personnel:
- sub-lease rental of office and warehouse building; and
- provision of administrative and management services.

(**) Purchase of various goods and services from entities that are controlled by directors and key management personnel

The Company acquired the following goods and services from entities that are controlled by directors and key management personnel:
- specialist training and upskilling services to employees of the company engaged in traffic management services;
- supplies of traffic hire equipment and spare parts for use in the provision of traffic management services; and
- rental of office and warehouse building located at 66-72 Northern Link Circuit, Shaw.

(***) Dividend payments

Advances of loans within the cash flow statement include dividend amounts of $240,000 for the year ended 30 June 2021 and $230,000 for the year ended 30 June 2020 (30 June 2019: $nil). This is on the basis that these dividend amounts are not paid in cash, rather the dividend entitlement amounts are offset against amounts advanced to shareholders or their related parties during the relevant income years to reduce the relevant loan balances.

	2021 $	2020 $	2019 $

23 Related party transactions (continued)

23(c) A2O Pty Limited and Arid To Oasis Traffic Solutions Pty Ltd (continued)

(ii) Outstanding balance arising from sales/ purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions between A20 Pty Limited and related parties:

	2021 $	2020 $	2019 $
Current receivables (sales of goods and services)			
Warp Training (QLD) Pty Ltd (*)	-	-	32,500
Current payables (purchases of goods and services)			
FNQ Traffic Hire Pty Ltd	32,341	19,411	8,743
Lead Training Pty Ltd	9,976	-	-

(*) Provision for expected credit loss

A2O Pty Limited has recognised a provision for expected credit loss at each balance date (30 June 2021: $nil, 30 June 2020: $nil and 30 June 2019: $32,500) against the current receivables balance owing by Warp Training (QLD) Pty Ltd.

(iii) Loans to/from related parties

	2021 $	2020 $	2019 $
Loans to key management personnel and other related parties	-	-	29,102
Loans from key management personnel and other related parties	(123,092)	(219,052)	(144,125)

Provision for expected credit loss

A2O Pty Limited has recognised a provision for expected credit loss at each balance date (30 June 2021: $nil, 30 June 2020: $188,828 and 30 June 2019: $137,298) against the current receivables balance owing by Warp Training (QLD) Pty Ltd. For the avoidance of doubt, the amounts included in this footnote include a provision for expected credit loss carried from prior financial reporting periods of $6,480.

(iv) Loan terms and conditions

With the exception of the loan provided by Roy Pearl, a former director of A20 Pty Limited, the loans to and from key management personnel and other related parties are at-call, unsecured loan arrangements which are not subject to interest. The amounts are repayable on demand.

In relation to the at-call, interest-free loans advanced to Warp Training (QLD) Pty Ltd, which was a newly established business, during the year ended 30 June 2021, Warp Training (QLD) Pty Ltd ceased trading activities and was not in a position to repay the loans advanced. The directors agreed to release the debt owing during the year ended 30 June 2021, albeit there was no financial impact to A20 Pty Limited at the time of the release given a provision for ECL had been recognised in respect of the loan amounts.

In relation to the loan advanced by Roy Pearl in September 2019 (i.e. during the year ended 30 June 2020), the loan is an unsecured, interest-bearing loan which is repayable over a period of 3 years via fixed monthly repayments. An annual interest rate of 10% applies to the loan. The loan is expected to be repaid in full by no later than September 2022.

Former loans owing by Roy Pearl to the Company for the years ended 30 June 2019 and 30 June 2020 were assumed by James P Bowe in connection with the exit of Roy Pearl as a shareholder of A20 Pty Limited.

Goods and services were sold/purchased to/from associates during the relevant financial years based on price lists in force and terms that would be available to third parties. Management services and sub-lease of premises were charged on a cost basis. All other transactions were made on normal commercial terms and conditions and at market rates.

23(d) The Traffic Marshal Pty Ltd

(i) Related party transactions

The Traffic Marshal Pty Ltd acquired the following goods & services from entities that are controlled by the Company director:

	2021 $	2020 $	2019 $
- Rental paid to Masbro Unit Trust for office & warehouse building located at 12/78 Reserve Rd, Artarmon NSW	64,320	64,320	64,320

(ii) Loans to/from related parties

	2021 $	2020 $	2019 $
Loans to related parties:			
- Loan to director	50,458	-	-
- Loan to Masbro Unit Trust	212,214	231,325	689,251
Loans from related parties:			
- Loan from director	-	25,551	133

The loans to and from directors and other related parties are at-call, unsecured loan arrangements which are not subject to interest. The amounts are repayable on demand.

Both the loan to an associated trust, the Masbro Unit Trust, and the director have been assessed for expected credit losses. Masbro Unit Trust and the director have sufficient capacity to repay the loans and it has been determined that the loans are fully recoverable.

	2021 $	2020 $	2019 $
23 Related party transactions (continued)			
23(e) Platinum Traffic Services Pty Ltd			
(i) Loans to/from related parties			
Loans from directors and other related parties			
- Loans from directors & key management personnel	-	4,000	250,000

The loans from directors and other related parties are at-call, unsecured loan arrangements which are not subject to interest. The amounts are repayable on demand.

24 Business acquisitions

Group member, Verifact Traffic Pty Ltd, acquired the traffic management business that it currently conducts as its principal activity from the Verifact Unit Trust, a related party, under a group reorganisation on 1 July 2018.

As part of the acquisition of the traffic management business, Verifact Traffic Pty Ltd acquired the operating assets of the traffic management business, comprising items of property, plant and equipment, and assumed the employee entitlements as at 1 July 2018. The business was acquired on loan account from the Verifact Unit Trust.

As the acquisition transaction is a common-control transaction within the context of the separate group of entities that Verifact Traffic Pty Ltd is part of (which group is controlled by a common shareholder and director), the directors of Verifact Traffic Pty Ltd accounted for the transaction by recording the assets acquired and liabilities assumed at their respective carrying values in the Verifact Unit Trust immediately prior to transfer to Verifact Traffic Pty Ltd.

The list of assets acquired and liabilities assumed on the acquisition of the traffic management business from the Verifact Unit Trust on 1 July 2018 are summarised below:

Assets acquired	
Motor vehicles	1,049,339
Office Equipment	6,729
Traffic control equipment	370,510
Computer equipment	4,908
Deferred Income Tax	163,602
Liabilities assumed	
Employee entitlements	(545,415)
Net asset acquired	1,049,673
Acquired through: Loan from Verifact Unit Trust	1,049,673

25 Contingent liabilities and guarantees

One of the Group member's, Verifact Traffic Pty Ltd, has the following security deposit guarantees which existed at the respective financial years:

- 30 June 2019: $178,000 in favour of Energy Queensland Limited
- 30 June 2020: nil
- 30 June 2021: nil

Verifact Traffic Pty Ltd has provided an unlimited guarantee in the form of a general security interest comprising a first ranking charge over all its property in favour of the Commonwealth Bank of Australia in relation to loans and facilities provided to the Verifact Unit Trust by the Commonwealth Bank of Australia.

One of the Group member's, D&D Services (Australia) Pty Ltd, has the following bank guarantees with National Australia Bank (NAB) which existed at the respective financial years:

- 30 June 2019: nil
- 30 June 2020: $50,000
- 30 June 2021: $50,000

	2021	2020	2019
	$	$	$

26 Events after the reporting date

COVID-19

On 30 January 2020, the spread of novel coronavirus ("COVID-19") was declared a Public Health Emergency of International Concern by the World Health Organisation ("WHO"). Subsequently, on 11 March 2020, WHO characterised COVID-19 as a worldwide pandemic. The developing situation continues to exist after 30 June 2021 and is being monitored by management. At this stage we are unable to predict future impacts on the business from a prolonged period of macro-economic risk due to COVID, however as at report date the Group is proving to be resilient.

Share Purchase Agreement

Subsequent to year end, the Group has undertaken steps to offer investment in the Group through an Initial Public Offering.

The Group has entered into an agreement with each Company's shareholders during June & July 2021 for the purchase of the entire share capital of each Company by AVADA Group Limited. Completing the transaction is conditional on the provision of any change of control consents required under material contracts and the completion of the listing.

Formation of subsidiaries and acquisition of businesses

A Group member, Verifact Traffic Pty Ltd acquired shares in new 100% owned subsidiaries during the period and post 30 June 2021:

	Date of Incorporation	Principal Activity	Share Capital
Customised Traffic Management No 2 Pty Ltd	13 May 2021	Traffic management & control	$300,100
Linemark Traffic Control Pty Ltd	3 August 2021	Traffic management & control	$100,100
Traffic Management People No. 2 Pty Ltd	9 August 2021	Traffic management & control	$200,100

These subsidiaries acquired businesses as follows:

	Date Acquired	Principal Activity	Business Purchase Cost
Customised Traffic Management No 2 Pty Ltd acquired a business from Customised Traffic Management Pty Ltd	13 September 2021	Traffic management & control	$500,000
Linemark Traffic Control Pty Ltd acquired traffic control assets from Linemark Australia Pty Ltd (as trustee for the Dantab Trust) and Australian Company Finance Pty Ltd	31 July 2021	Traffic management & control	$615,000
Traffic Management People No. 2 Pty Ltd acquired a business from Traffic Management People TMP Pty Ltd (as trustee for the Abrahamson Family Trust)	27 September 2021	Traffic management & control	$1,200,000

Related party loans and receivables

On 30 June 2021, the directors of Verifact Traffic Pty Ltd (who are also directors and shareholders of the related party entities to Verifact Traffic Pty Ltd and the trustee company for the Verifact Unit Trust (a related party entity) passed a resolution to offset related party loan receivable balances at 30 June 2020 to Verifact Traffic Pty Ltd against the loan payable to the Verifact Unit Trust at 30 June 2020. This resulted in the full settlement of the loan balance owing to Verifact Unit Trust at 30 June 2020. The remaining loan receivable after the offset at 30 June 2020 was declared as a dividend during 2021. The dividend declared by Verifact Traffic Pty Ltd amounted to $4,634,784.

On 28 September 2021, the directors of Verifact Traffic Pty Ltd (who are also directors and shareholders of the related party entities to Verifact Traffic Pty Ltd and the trustee company for the Verifact Unit Trust (a related party entity)) passed a resolution to offset all related party loan receivable balances at 30 June 2021 against the loan payable to the Verifact Unit Trust at 30 June 2021. This resulted in the full settlement of the loan balance owing to Verifact Unit Trust at 30 June 2021. The remaining loan receivable after the offset at 30 June 2021 was declared as a dividend on 28 September 2021. The dividend declared by Verifact Traffic Pty Ltd amounted to $535,797.

There has not been any other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in the future.

27 Remuneration of auditors

The fees for the audit of the Group was paid for by AVADA Group Limited.

Directors' declaration

The directors of the entities of the Aggregated Group declare that:

(a) In the Directors' opinion, the attached financial statements and notes are in accordance with the accounting policies outlined in Note 2 and Note 3 to the financial statements and give a true and fair view of the financial position and performance of the Aggregated Group as at 30 June 2021, 30 June 2020 and 30 June 2019; and

(b) In the Directors' opinion, there are reasonable grounds to believe that each entity within the Aggregated Group as at 30 June 2021, 30 June 2020 and 30 June 2019 will be able to pay its debts as and when they become due and payable

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

On behalf of the Directors:

Signature ____________ Date 27.10.21

Name James P Bowe

Signature ____________ Date 27.10.21

Name Daniel Crowley

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Independent Auditor's Report to the Members of the AVADA Aggregated Group

Opinion

We have audited the aggregated financial statements, being special purpose financial statements, of the AVADA Aggregated Group as defined in Note 1 to the financial statements (the "Group") which comprises the aggregated statement of financial position as at 30 June 2021, 30 June 2020 and 30 June 2019, the aggregated statement of profit or loss and other comprehensive income, the aggregated statement of changes in equity and the aggregated statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying aggregated financial statements present fairly, in all material respects, the Group's financial position as at 30 June 2021, 30 June 2020 and 30 June 2019 and its financial performance and its cash flows for the years then ended in accordance with the basis of preparation described in Note 1 and Note 3 to the financial statements.

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 Aggregated Financial Statements section of our report. We are independent of the Group in accordance with 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 aggregated financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 Preparation and Restriction on Distribution and Use

We draw attention to Note 1 and Note 3 to the financial statements, which describes the basis of preparation. The aggregated financial statements have been prepared solely for the use of the Group seeking admission to the Australian Securities Exchange through an initial public offering. As a result, the aggregated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Aggregated Financial Statements

The directors of the entities in the Group (the Directors) are responsible for the preparation and fair presentation of the aggregated financial statements and have determined that the accounting policies and the basis of preparation as described in Note 2 and Note 3 to the financial statements are appropriate to meet the requirements of the members of the Group. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the aggregated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Aggregated Financial Statements

Our objectives are to obtain reasonable assurance about whether the aggregated financial statements as a whole are 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 these aggregated financial statements.

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 aggregated financial statements, 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.
- 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 the Directors' 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 aggregated financial statements 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 aggregated financial statements, including the disclosures, and whether the aggregated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the aggregated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JStrydom

Jacques Strydom
Partner
Chartered Accountants

Brisbane, 27 October 2021