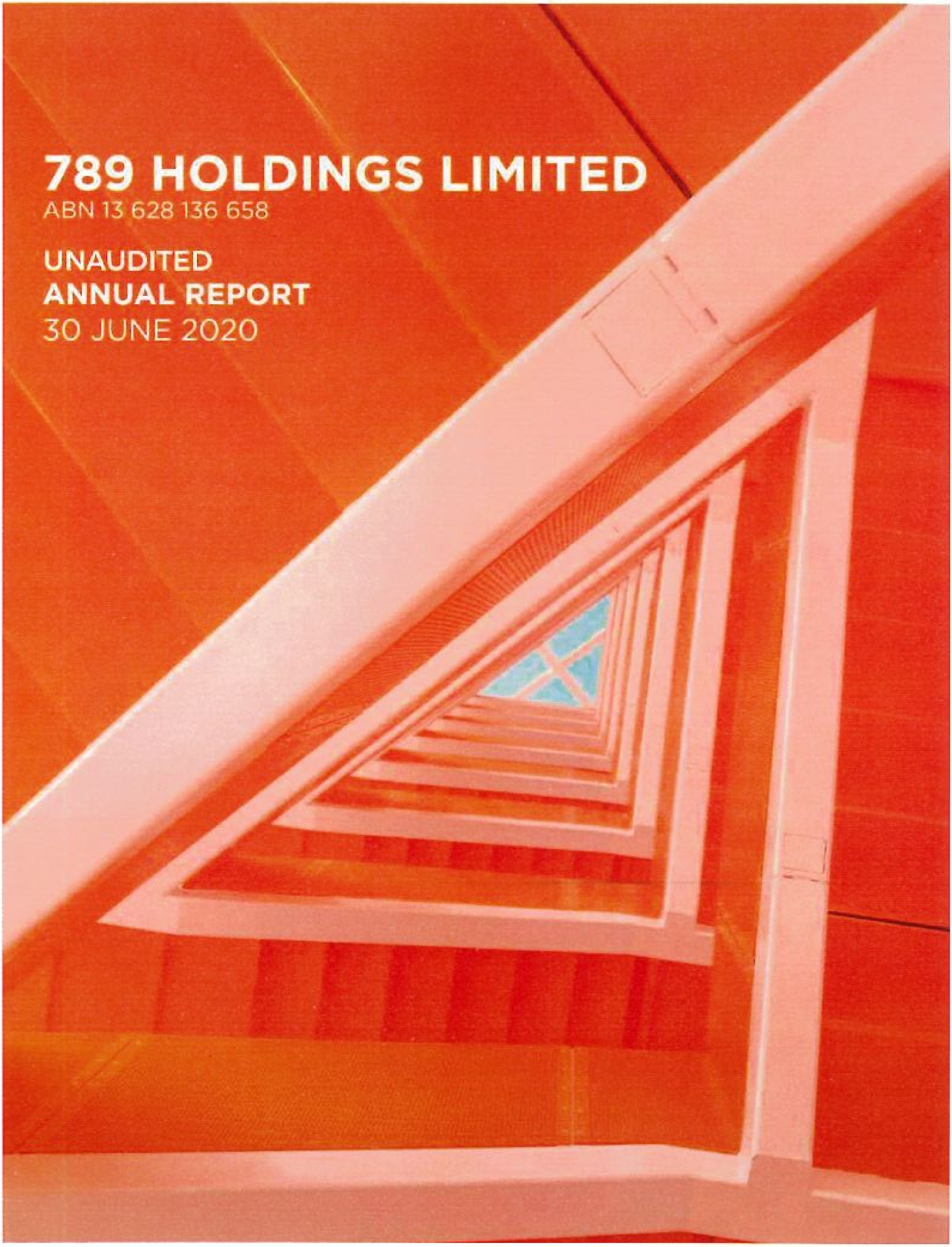
789 HOLDINGS LIMITED

ABN 13 628 136 658

UNAUDITED ANNUAL REPORT

30 JUNE 2020



CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

	Note	Consolidated 2020 $	Consolidated 2019 $
Revenue from continuing operations	3	4,056,535	7,048,091
Other income	4	527,985	276,090
Interest revenue		3,701	1,869
Expenses			
Depreciation expense	5	(467,135)	(60,596)
Employee benefit expenses		(1,367,488)	(792,193)
Commission expense		(2,090,216)	(2,482,437)
Management fee	5	-	(2,618,354)
Rent expense	5	-	(231,539)
Legal expense		(95,193)	(97,139)
Other expenses		(829,440)	(900,848)
Finance costs	5	(101,050)	(6,673)
(Loss)/Profit before income tax expense from continuing operations		(362,301)	136,271
Income tax refund/(expense)	6	135,759	(41,833)
(Loss)/Profit after income tax expense from continuing operations		(226,542)	94,438
(Loss)/Profit after income tax expense for the year		(226,542)	94,438
Total comprehensive (loss)/income for the year		(226,542)	94,438
(Loss)/Profit for the year is attributable to:			
Non-controlling interest		-	-
Owners of 789 Holdings Limited	28	(226,542)	94,438
		(226,542)	94,438
		Cents	**Cents**
Earnings per share for profit attributable to the owners of 789 Holdings Limited			
Basic (loss)/earnings per share	32	(0.56)	0.66

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

	Note	Consolidated 2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	7	3,079,959	1,237,031
Trade and other receivables	8	2,240,777	4,177,885
Other current assets	9	54,444	62,319
Total current assets		5,375,180	5,477,235
Non-current assets			
Property, plant and equipment	10	101,631	132,856
Right of use assets	11	1,652,805	2,009,814
Intangible assets	12	341,890	310,700
Deferred tax assets	14	320,899	102,876
Other	13	90,232	124,678
Total non-current assets		2,507,457	2,680,924
Total assets		7,882,637	8,158,159
Liabilities			
Current liabilities			
Trade and other payables	15	336,569	1,068,243
Lease liabilities	16	371,239	329,332
Current tax payable	17	208,892	126,628
Short term provisions	18	48,367	20,486
Other current liabilities	19	909,662	43,872
Total current liabilities		1,874,729	1,588,561
Non-current liabilities			
Lease liabilities	16	1,514,726	1,857,017
Long term provisions	18	10,633	3,490
Total non-current liabilities		1,525,359	1,860,507
Total liabilities		3,400,088	3,449,068
Net assets		4,482,549	4,709,901
Equity			
Share capital	20	9,954,535	9,954,535
Other reserves	21	(5,190,173)	(5,190,173)
Retained earnings	22	(281,813)	(55,271)
Total equity		4,482,549	4,709,091

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

Consolidated	Share capital $	Other reserves $	Retained earnings $	Total equity $
Balance at 1 July 2018	102	-	1,784,217	1,784,319
Profit after income tax from 1 July 2018 - 3 March 2019	-	-	80,300	80,300
Restatement on group reorganisation	(102)	-	(1,864,517)	(1,864,619)
Re-stated balance as at 3 March 2019 (listing date)	-	-	-	-
Restatement on account of change in accounting policy (note 1(a))	-	-	(69,409)	(69,409)
Profit after income tax from 4 March - 30 June 2019	-	-	14,138	14,138
Total comprehensive income for the year	-		14,138	14,138
Transactions with owners in their capacity as owners:				
Transfer to/ (from) reserves	-	(5,190,173)	-	(5,190,173)
Contributions of equity, net of transaction costs (note 20)	9,954,535	-	-	9,954,535
Balance at 30 June 2019	9,954,535	(5,190,173)	(55,271)	4,709,091

Consolidated	Share capital $	Other reserves $	Retained earnings $	Total equity $
Balance at 1 July 2019	9,954,535	(5,190,173)	(55,271)	4,709,091
Loss after income tax expense for the year	-	-	(226,542)	(226,542)
Total comprehensive loss for the year	-	-	(226,542)	(226,542)
Balance at 30 June 2020	9,954,535	(5,190,173)	(281,813)	4,482,549

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

	Note	Consolidated 2020 $	2019 $
Cash flows related to operating activities			
Receipts from customers (inclusive of GST)		9,866,937	3,310,427
Payments to suppliers and employees (inclusive of GST)		(7,550,823)	(4,216,353)
Other revenue		3,701	1,870
Government grants		170,040	-
Interest and other finance costs paid		(101,050)	(6,673)
Income taxes paid		(82,264)	(235,440)
Net cash provided by / (used in) operating activities	30	2,306,541	(1,146,169)
Cash flows related to investing activities			
Payments for purchases of property, plant and equipment		(38,091)	-
Payments for purchases of intangible assets		(131,603)	(310,300)
Other		-	(70,552)
Net cash used in investing activities		(169,694)	(381,252)
Cash flows related to financing activities			
Proceeds from issue of shares		-	2,454,535
Repayment of borrowings		-	(32,788)
Repayment of lease principal amount		(293,919)	-
Net cash (used in) / provided by financing activities		(293,919)	2,421,747
Net increase in cash and cash equivalents		1,842,928	894,326
Cash and cash equivalents at the beginning of the financial year		1,237,031	342,705
Cash and cash equivalents at the end of the financial year	7	3,079,959	1,237,031

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

General information

The financial statements cover 789 Holdings Limited as a consolidated entity consisting of 789 Holdings Limited and entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is 789 Holdings Limited's functional and presentation currency.

789 Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
Suite 405 161 Redfern street Redfern NSW 2016	Suite 405 161 Redfern street Redfern NSW 2016

A description of the nature of the consolidated entity'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 29 September 2020. The directors have the power to amend and reissue the financial statements.

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the consolidated financial statements and notes of 789 Holding Limited and the entities it controlled during the year ('Consolidated Group' or 'Group').

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for profit entity for the purposes of preparing the financial statements.

Historical cost convention

The financial statements have been prepared under the historical cost convention, unless otherwise stated in the significant accounting policies below.

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 Group'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.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 28.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 789 Holdings Limited ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. 789 Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Note 1. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Rendering of Services - real estate sales commissions

Revenue from a contract to provide services (i.e. arranging the sales of the units in the development properties) is recognised by reference to the sale of an individual unit that forms part of the development property. 50% of the total commission earned for the sale of an individual unit is recognised at the exchange of the contract between the vendor and the buyer and the remaining 50% of the total commission earned is recognised at settlement.

Rendering of Services - letting and property management

Letting fees are earned (normally one weeks rent) from the letting of properties and management fees are earned for the usual property management and charged as a percentage of the rent (approximately 5%).

Interest

Revenue is recognised as the interest accrues using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

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.

Other revenue

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

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.

Note 1. Significant accounting policies (continued)

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.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group'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 Group'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 include 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 provision for impairment. Trade receivables are generally due for settlement within 30-60 days.

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

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

Other receivables are recognised at amortised cost, less any provision for impairment.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 1. Significant accounting policies (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets. After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Impairment of financial assets
At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

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

- Financial assets measured at amortised cost.
- Debt investments measured at FVOCI

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

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

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

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets and bringing the asset to working condition for its intended use.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Note 1. Significant accounting policies (continued)

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful lives.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Office equipment	5-7 years
Furniture and fittings	5-10 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in other property, plant and equipment. Upon review adjustment or impairment shall be made, if required.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Rental roll

Rental rolls acquired in an asset acquisition are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 6.7 years.

Impairment of non-financial assets

Other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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.

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 Group 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.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 1. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

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.

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

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 using the projected unit credit method. 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 1. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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 Group.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of 789 Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2019 and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below.

Note 1. Significant accounting policies (continued)

Change in Accounting Policy

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Adjustments recognised on adoption of AASB 16
On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2018. The weighted average lessee's incremental borrowing rate applied to these lease liabilities on 1 July 2019 was 6%.

Right-of-use assets were measured on a retrospective basis as if AASB 16 had been applied since the commencement date but discounted using the lessee's incremental borrowing rate at the date of initial application.

The impact of the new standard that was recognised at 1 July reflected a reported increase in assets (right-of-use assets) by $2,009,814 and liabilities increase by $2,079,223 (lease liability and make good provision). The total impact on retained earnings was $69,409.

Impact of adoption on the current reporting period:
The impact on the Group's profit or loss and other comprehensive income statement, compared with the amount that would have been reflected under AASB 117, for the year ended 30 June 2020 is:

Decrease in operating lease expense $307,418
Increase in finance cost expense $94,725
Increase in right-of-use asset depreciation $357,009
Impact on loss ($144,316)

Note 1. Significant accounting policies (continued)

(a) Restatement of comparatives
The group has made a retrospective adjustment to lease liabilities according to AASB 16 to reflect the information that was available as at 30 June 2019 but was not provided for in the 2019 financial report. The retrospective adjustment has resulted in an additional impairment charge of $69,409 for the year ended 30 June 2019. Also, there was a netting off of theaccount payable / receivable to Aust Sunshine Marketing Pty Ltd. For details of the restatement refer to the table below:

	June 2019 $ Reported	$ Adjustment	June 2019 $ Restated
Extract from statement of financial position as at 30 June 2019			
Trade and other receivables	6,796,239	(2,618,354)	4,177,885
Right of use asset	-	2,009,814	2,009,814
Trade and other payables	3,677,361	(2,609,118)	1,068,243
Lease liabilities - Current	28,811	300,521	329,332
Lease liabilities – Non-current	87,552	1,769,465	1,857,017
Net assets	4,778,500	(69,409)	4,709,091
Retained earnings	14,138	(69,409)	(55,271)
Total Equity	4,778,500	(69,409)	4,709,901

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 estimate 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 consolidated entity 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 consolidated entity 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 consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Estimation of the percentage of completion of the real estate sales contracts
The Directors of the Group have determined that the percentage of completion method best reflects the efforts that the Group contributed into arranging the sales of the individual units that form part of the contract with the property developers. The Directors of the Group estimate that on average 50% of these efforts on an individual unit are expended before the exchange of the contract between the vendor and the buyer and the remaining 50% is expended before and at the time of settlement (i.e. in line with the contractual entitlements for the sales commissions).

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The Group 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 Group recognises liabilities for anticipated tax audit issues based on the consolidated entity'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.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 8, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Note 3. Revenue

	Consolidated	
	2020	2019
	$	$
From continuing operations		
Revenue from contracts with customers	3,165,250	6,359,339
	3,165,250	6,359,339
Other revenue		
Property management agent commission	891,285	688,752
	891,285	688,752
Revenue from continuing operations	4,056,535	7,048,091

For the year ended 30 June 2018, revenue was earned on a cost plus agreement with Aust Sunshine Marketing Pty Ltd (related party) based on the commission expenses. From 1 July 2018, a full amount of commission revenue was assigned to the Group from this related party.

Note 4. Other income

	Consolidated	
	2020	2019
	$	$
Marketing service income	231,454	222,459
Government grant – JobKeeper payment	99,000	-
Government grant – Cash Flow Boost	154,295	-
Other income	43,236	53,631
Other income	527,985	276,090

Note 5. Expenses

	Consolidated 2020 $	Consolidated 2019 $
Profit before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Furniture and fittings	8,655	9,309
Office equipment	11,540	13,391
Leased motor vehicle	38,001	37,896
Motor vehicle	3,938	-
Right of use asset	357,009	-
Property management rights	47,992	-
Total depreciation expenses	467,135	60,596
Finance costs		
Interest and finance charges paid/payable	101,050	6,673
Finance costs expenses	101,050	6,673
Rent expense		
Rental expenses relating to operating lease	-	231,539
Rent expense	-	231,539
Management fee	-	2,618,354

From 1 July 2018, Aust Sunshine Marketing Pty Ltd (related party) assigned most of its commission revenue earned to the Group. From this date until the listing date on 3 March 2019, the loss of income from this assignment was paid by the Group to Aust Sunshine Marketing Pty Ltd as a management fee.

There won't be any further management fee between 789 Holdings and Aust Sunshine Marketing Pty Ltd from listing date onward.

Note 6. Income tax expense

	Consolidated 2020 $	Consolidated 2019 $
Income tax expense		
Current tax	82,264	(8,754)
Deferred tax	(218,023)	50,587
Aggregate income tax (credit)/expense	(135,759)	41,833
Income tax expense is attributable to:		
Profit from continuing operations	(135,759)	41,833
Aggregate income tax (credit)/expense	(135,759)	41,833
Deferred tax included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	(218,023)	50,587
Increase/(decrease) in deferred tax liabilities	-	-
Deferred tax	(218,023)	50,587
Numerical reconciliation of income tax expense and tax at the statutory rate		
(Loss)/profit before income tax expense from continuing operations	(362,301)	136,271
Tax (credit)/expense at the statutory tax rate of 27.5%	(99,633)	37,474
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Car depreciation over luxury limit	6,295	4,359
Non-assessable items	(42,421)	-
	(135,759)	41,833
Income tax (credit) / expense	(135,759)	41,833

	Consolidated 2020 $	Consolidated 2019 $
Amounts charged/(credited) directly to equity		
Deferred tax assets	-	(17,245)
	-	(17,245)

Note 7. Current assets - cash and cash equivalents

	Consolidated 2020 $	Consolidated 2019 $
Cash at bank	3,079,959	1,237,031
	3,079,959	1,237,031

Note 8. Current assets - trade and other receivables

	Consolidated 2020 $	Consolidated 2019 $
Trade debtor	1,353	1,353
Government grant receivable	33,000	-
Service income receivable from Aust Sunshine Marketing Pty Ltd (related party)	103,111	2,363,812
Sales commission receivable from developer	1,823,864	1,467,768
Loans receivables from related parties	-	68,586
Loans receivable from others	170,171	206,674
	2,131,499	4,108,193
Other receivables	109,278	69,692
	2,240,777	4,177,885

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Impairment of receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group has recognised a loss allowance of NIL % against all receivables greater than 90 days because historical experience has indicated that these receivables are generally recoverable.

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

Note 9. Current assets - other

	Consolidated 2020 $	Consolidated 2019 $
Prepayments	54,444	62,319
	54,444	62,319

Note 10. Non-current assets - property, plant and equipment

	Consolidated 2020 $	Consolidated 2019 $
Furniture and fittings - at cost	57,546	57,546
Less: Accumulated depreciation	(47,975)	(39,320)
	9,571	18,226
Office equipment - at cost	76,727	80,695
Less: Accumulated depreciation	(65,491)	(57,919)
	11,236	22,776
Leased motor vehicle – at cost	189,482	189,482
Less: Accumulated depreciation	(135,629)	(97,628)
	53,853	91,854
Motor vehicle – at cost	30,909	-
Less: Accumulated depreciation	(3,938)	-
	26,971	-
	101,631	132,856

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Furniture and fittings $	Office equipment $	Leased Motor vehicle $	Motor vehicle $	Total $
Balance at 30 June 2018	27,535	36,167	129,750	-	193,452
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	(9,309)	(13,391)	(37,896)	-	(60,596)
Balance at 30 June 2019	18,226	22,776	91,854	-	132,856
Additions	-	-	-	30,909	30,909
Disposals	-	-	-	-	-
Depreciation expense	(8,655)	(11,540)	(38,001)	(3,938)	(62,134)
Balance at 30 June 2020	9,571	11,236	53,853	26,971	101,631

Note 11. Right of use assets

	Consolidated 2020 $	Consolidated 2019 $
Right of use asset	2,009,814	2,009,814
Less: Accumulated depreciation	(357,009)	-
	1,652,805	2,009,814

The consolidated entity leases land and buildings for its offices under agreements of between three to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The reduction to right-of-use assets during the year were $357,009.

Note 12. Non-current assets – intangible asset

	Consolidated 2020 $	Consolidated 2019 $
Rental roll	317,882	310,700
Less: Accumulated amortisation	(47,992)	-
	269,890	310,700
Teamlink platform	131,603	-
Less: Accumulated loss on impairment	(59,603)	-
	72,000	-
	341,890	310,700

Management believes that acquisition of rental roll is one of the major strategies for the coming year and the company will seek quality rental roll for group's future development.

Note 13. Non-current assets - other

	Consolidated 2020 $	Consolidated 2019 $
Bond refundable	90,232	124,678
	90,232	124,678

Note 14. Non-current assets - deferred tax

	Consolidated	
	2020	2019
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	7,590	2,141
Contract liabilities	-	-
Employee benefits	16,225	6,593
Retirement benefit obligations	-	-
Leases	32,081	-
Listing costs	51,318	51,180
Provision for lease make good	2,578	-
Impairment of assets	16,391	-
Accrued expenses	21,106	15,715
Benefit of tax losses	173,610	10,002
	320,899	85,631
Amounts recognised in equity:		
Transaction costs on share issue	-	17,245
Derivative financial instruments	-	-
	-	17,245
Deferred tax asset	320,899	102,876
Movements:		
Opening balance	102,876	136,218
Credited to profit or loss (note 6)	218,023	(50,587)
Credited/(charged) to equity (note 6)	-	17,245
Closing balance	320,899	102,876

Note 15. Current liabilities - trade and other payables

	Consolidated	
	2020	2019
	$	$
Trade payable	22,052	56,570
Accrued commissions payable	268,768	727,531
GST & PAYG payable (net)	24,206	260,321
Make good provision	9,376	9,236
Other payable	12,167	14,585
	336,569	1,068,243

Refer to Note 23 for further information on financial instruments.

Note 16. Lease Liabilities

	Consolidated 2020 $	Consolidated 2019 $
Short term		
Lease liability	371,239	329,332
	371,239	329,332
Long term		
Lease liability	1,514,726	1,857,017
	1,514,726	1,857,017

Note 17. Current liabilities - income tax

	Consolidated 2020 $	Consolidated 2019 $
Provision for income tax	208,892	126,628

Note 18. Employee benefits

	Consolidated 2020 $	Consolidated 2019 $
Current liability		
Employee benefits	48,367	20,486
Non-current liability		
Employee benefits	10,633	3,490

Note 19. Current liabilities - other

	Consolidated 2020 $	Consolidated 2019 $
Accrued expenses	909,662	43,872
	909,662	43,872

Note 20. Equity - issued capital

	Consolidated			
	2020 Shares	2019 Shares	2020 $	2019 $
Ordinary shares - fully paid	40,000,000	40,000,000	9,954,535	9,954,535

Movements in ordinary share capital
There is no movement in ordinary share capital during financial year 2020.

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.

Note 21. Equity - reserves

	Consolidated	
	2020 $	2019 $
Other reserves		
Group reorganisation reserve	(5,190,173)	(5,190,173)
	(5,190,173)	(5,190,173)

This corporate reorganisation does not represent a business combination in accordance with AASB 3 'Business Combinations', and the appropriate accounting treatment for recognising the new group structure is on the basis that the transaction is a form of capital reconstruction and group reorganisation. Accordingly, the financial statements have been presented as a continuation of the Pre-IPO 789 Group. As such, financial statements of the Group include the historical financial information of the Pre-IPO 789 Group for the period before the acquisition. These financial statements include the financial results for the Group from acquisition to 30 June 2019 and the Pre-IPO 789 Group for the period 1 July 2018 to the date of acquisition.

The equity structure in the consolidated financial statements, including the number and type of equity instruments issued at the date of acquisition reflects the equity structure of the Company. A corporate reorganisation reserve is recognised to record the difference between the amount paid to acquire the Pre-IPO 789 Group and the share capital of 789 Holdings Limited.

Note 22. Equity - retained profits

	Consolidated	
	2020	2019
	$	$
Retained profits at the beginning of the financial year	(55,271)	1,784,319
Profit after income tax from 1 July 2018 – 3 March 2019	-	80,300
Restatement on group reorganisation	-	(1,864,619)
Re-stated balance as at 3 March 2019 (listing date)	(55,271)	-
Profit after income tax from 4 March 2019 – 30 June 2019	-	14,138
Restatement on account of change in accounting policy	-	(69,409)
Re-stated balance as at 1 July 2019	(55,271)	(55,271)
Loss after income tax from 1 July 2019 – 30 June 2020	(226,542)	-
Retained loss at the end of the financial year	(281,813)	(55,271)

In accordance with the description presented in Note 21, retained earnings presented prior to the corporate reorganisation date (3 March 2019) include the historical financial performance of those entities. On the corporate reorganisation date, an adjustment is made to retained earnings to eliminate pre-acquisition earnings.

Note 23. Financial instruments

Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 1 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and financial liabilities in the statement of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

2020	Loans and receivables $	Financial liabilities measured at amortised cost $	Total $
Financial Assets			
Trade receivables	2,240,777	-	2,240,777
Cash and bank balances	3,079,959	-	3,079,959
	5,320,736	-	5,230,736
Financial Liabilities			
Trade payables	-	22,052	22,052
Accrued commissions payables	-	268,768	268,768
Accrued expenses	-	909,662	909,662
GST & PAYG payable (net)	-	24,206	24,206
Make good provision	-	9,376	9,376
Other liabilities	-	12,167	12,167
Lease liabilities	-	1,885,965	1,885,965
	-	3,132,196	3,132,196

Note 23. Financial instruments (continued)

2019	Loans and receivables $	Financial liabilities measured at amortised cost $	Total $
Financial Assets			
Trade receivables	4,177,885	-	4,177,885
Cash and bank balances	1,237,031	-	1,237,031
	5,414,916	-	5,414,916
Financial Liabilities			
Trade payables	-	56,570	56,570
Accrued commissions payables	-	727,531	727,531
Accrued expenses	-	43,872	43,872
GST & PAYG payable (net)	-	260,321	260,321
Make good provision	-	9,236	9,236
Other liabilities	-	14,585	14,585
Lease liabilities	-	2,186,349	2,186,349
	-	3,298,464	3,298,464

2020	WA rate	1 year or less	Between 1 and 5 years	Over 5 years	Remaining contractual maturities
Combined	%	$	$	$	$
at 30 June 2020					
Trade payables	Nil	22,052	-	-	22,052
Accrued commissions payables	Nil	268,768	-	-	268,768
Accrued expenses	Nil	909,662	-	-	909,662
GST & PAYG payable (net)	Nil	24,206	-	-	24,206
Make good provision	Nil	9,376	-	-	9,376
Other liabilities	Nil	12,167	-	-	12,167
Lease liabilities	4.88	371,239	1,514,726	-	1,885,965
		1,617,470	**1,514,726**	-	**3,132,196**
at 30 June 2019					
Trade payables	Nil	56,570	-	-	56,570
Accrued commissions payables	Nil	727,531	-	-	727,531
Accrued expenses	Nil	43,872	-	-	43,872
GST & PAYG payable (net)	Nil	260,321	-	-	260,321
Make good provision	Nil	9,236	-	-	9,236
Other liabilities	Nil	14,585	-	-	14,585
Lease liabilities	3.74	329,332	1,857,017	-	2,186,349
		1,441,447	**1,857,017**	-	**3,298,464**

Note 24. Key management personnel disclosures

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

	Consolidated	
	2020	2019
	$	$
Short-term employee benefits	383,769	114,231
Long-term benefits	707	8,002
	384,476	122,233

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by UHY Haines Norton, the auditor of the company:

	Consolidated	
	2020	2019
	$	$
Audit services – UHY Haines Norton		
Audit or review of the financial statements	40,000	109,146
	40,000	109,146

Note 26. Commitments

	Consolidated	
	2020	2019
	$	$
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	371,239	329,332
One to five years	1,514,726	1,857,017
	1,885,965	2,186,349
Representing:		
Lease liability - current	371,239	329,332
Lease liability - non-current	1,514,726	1,857,017
	1,885,965	2,186,349

Note 27. Related party transactions

Parent entity
The parent entity within the Group is 789 Holdings Limited.

Subsidiaries

	Country of incorporation	Class of shares	Ownership interest 2020	Ownership interest 2018
Subsidiaries				
HOME789 Resources Pty Ltd	Australia	Ordinary	100%	-
Great Fortune Investment Pty Ltd	Australia	Ordinary	100%	-

HOME789 Resources Pty Ltd was incorporated on 17 November 2011.
Great Fortune Investment Pty Ltd was incorporated on 22 November 2007.

Key management personnel
Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Transactions with related parties
The Director, or his personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The entities transacted with the Group in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arms-length basis. Details of these transactions are shown below:

Aust Sunshine Marketing Pty Ltd
The Group receives the monies from commission income from this entity that is collected on behalf of Home789 Resources Pty Ltd.

	2020 $	2019 $
Outstanding balances receivable at the end of the reporting period	103,111	2,363,812

From 1 July 2018, Aust Sunshine Marketing Pty Ltd (related party) assigned most of its commission revenue earned to the Group. From this date until the listing date on 3 March 2020, the loss of income from this assignment was paid by the Group to Aust Sunshine Marketing Pty Ltd as a management fee.

	2020 $	2019 $
Management fees paid during the reporting period	-	2,618,354

Note 28. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2020	**2019**
	$	**$**
Loss after income tax	(278,735)	(191,105)
Total comprehensive loss	(278,735)	(191,105)

Statement of financial position

	Parent	
	2020	**2019**
	$	**$**
Total current assets	1,866,508	2,775,792
Total assets	9,594,340	10,275,792
Total current liabilities	108,937	512,361
Total liabilities	109,644	512,361
Equity		
Share capital	9,954,536	9,954,536
Retained earnings	(469,840)	(191,105)
Total equity	9,484,696	9,763,431

Note 29. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially negative for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than above no matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

(i) the Group's operations in future financial years; or
(ii) the results of those operations in future financial years; or
(iii) the Group's state of affairs in future financial years.

Note 30. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2020 $	Consolidated 2019 $
(Loss)/profit after income tax expense for the year	(226,542)	94,438
Adjustments for:		
Depreciation and amortisation	467,135	60,596
Retained earnings adjustment – AASB 16	69,409	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	4,563,337	(4,237,495)
(Increase)/decrease in deferred tax assets	(218,023)	33,342
Decrease/(increase) in other assets	34,446	(62,319)
(Decrease)/increase in trade and other payables	(3,366,299)	3,207,488
Decrease/(increase) in provision for income tax	82,264	(226,948)
Increase in employee benefits	35,024	9,517
Increase/(decrease) in other liabilities	865,790	(24,788)
Net cash provided by / (used in) from operating activities	2,306,541	(1,146,169)

Note 31. Changes in liabilities arising from financing activities

Consolidated	Lease liability $	Total $
Balance at 1 July 2018	149,151	149,151
Net cash used in financing activities	(32,788)	(32,788)
Restatement on account of change in accounting policy	2,069,986	2,069,986
Acquisition of plant and equipment by means of finance leases	-	-
Other changes	-	-
Balance at 30 June 2019	2,186,349	2,186,349
Net cash used in financing activities	(293,919)	(293,919)
Other changes from AASB 16 impact	(6,465)	(6,465)
Balance at 30 June 2020	1,885,965	1,885,965

Note 32. Earnings per share

	Consolidated	
	2020	2019
	$	$
Earnings per share for profit from continuing operations		
(Loss)/profit after income tax	(226,542)	94,438
(Loss)/profit after income tax attributable to the owners of 789 Holdings Limited	(226,542)	94,438
	Cents	**Cents**
Basic (loss)/earnings per share	(0.56)	0.66
	Number	**Number**
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	40,000,000	14,219,214
Weighted average number of ordinary shares used in calculating diluted earnings per share	40,000,000	14,219,214