

THE SOCIAL FOUNDRY LTD

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

THE SOCIAL FOUNDRY LTD

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THE SOCIAL FOUNDRY LTD

TRADING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
SALES			
Cafe Income		484,740	452,865
LESS COST OF GOODS SOLD			
Opening stock		7,177	6,519
Purchases		<u>217,618</u>	<u>197,039</u>
		224,795	203,558
Closing stock		<u>16,911</u>	<u>7,177</u>
		<u>207,884</u>	<u>196,381</u>
GROSS PROFIT		<u><u>276,856</u></u>	<u><u>256,484</u></u>

The accompanying notes form part of these financial statements.

These statements should be read in conjunction with the attached compilation report.

THE SOCIAL FOUNDRY LTD

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
INCOME			
Other revenue		879	4,018
Government subsidies	2	73,122	-
Constructive Trade Income		307,114	-
Grants Income		60,165	140,010
Donations received		179,488	102,543
Gross profit from trading		<u>276,856</u>	<u>256,484</u>
		<u>897,624</u>	<u>503,055</u>
LESS EXPENDITURE			
Advertising		2,513	3,350
Bank charges		7,797	5,312
Cleaning		2,649	562
Contractor trading expenses		217,943	-
Computer expenses		-	111
Delivery costs		4,332	1,820
Depreciation		3,421	2,242
Amortisation		1,200	1,200
Employees entitlement	3	4,139	6,955
Employsure expenses		2,562	2,592
Gifts		1,374	768
Hire of plant and equipment		1,769	344
Insurance		7,237	4,353
Interest paid	4	438	-
Light and power		9,388	14,614
Magazines, journals and periodicals		1,219	1,453
Motor vehicle expenses	5	280	2,165
Permits, licences and fees		611	2,238
Perpetual Grant expenses		34,594	-
Petty cash expenditure		39	599
Placement allowances		25	300
Printing and stationery		868	1,633
Professional fees		6,880	5,330
Rates and taxes		7,457	6,303
Rent		31,208	34,675
Repairs and maintenance		4,492	3,851
Salaries and wages		328,463	270,319
Subscriptions		3,618	109
Superannuation contributions		30,811	26,974
Superannuation Guarantee charge administration fee		60	-
Telephone		1,550	1,804
Training		1,924	270
Travelling expenses		738	-
Worker's insurance		<u>5,323</u>	<u>1,909</u>
		<u>726,922</u>	<u>404,155</u>
NET OPERATING PROFIT		<u>170,702</u>	<u>98,900</u>

The accompanying notes form part of these financial statements.

These statements should be read in conjunction with the attached compilation report.

THE SOCIAL FOUNDRY LTD

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		\$	\$
Retained Profits at the beginning of the financial year		141,776	42,876
TOTAL AVAILABLE FOR APPROPRIATION		312,477	141,776
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		312,477	141,776

The accompanying notes form part of these financial statements.

These statements should be read in conjunction with the attached compilation report.

THE SOCIAL FOUNDRY LTD

**BALANCE SHEET
AS AT 30 JUNE 2020**

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash at bank	6	246,113	160,882
Sundry debtors		210	2,927
Trade receivables		69,473	4,790
Stock on hand		16,912	7,177
		332,708	175,776
FIXED ASSETS			
Plant and equipment	7	10,522	3,483
		10,522	3,483
INTANGIBLE ASSETS			
Formation expenses		1,200	2,400
		1,200	2,400
TOTAL ASSETS		344,430	181,659
CURRENT LIABILITIES			
Credit card	8	10,341	-
Trade creditors		6,254	7,608
Other creditors		1,228	-
Withholding taxes payable	9	-	6,560
Superannuation payable		-	9,460
Good and services tax	10	3,035	9,299
		20,858	32,927
NON-CURRENT LIABILITIES			
Employee entitlements	11	11,095	6,956
		11,095	6,956
TOTAL LIABILITIES		31,953	39,883
NET ASSETS		312,477	141,776
EQUITY			
Retained Profits		312,477	141,776
TOTAL EQUITY		312,477	141,776

The accompanying notes form part of these financial statements.

These statements should be read in conjunction with the attached compilation report.

Statement of Cash Flows

The Social Foundry Ltd
For the year ended 30 June 2020

2020

Operating Activities

Receipts from customers	800,680.34
Payments to suppliers and employees	(975,378.74)
Cash receipts from other operating activities	267,795.49
Net Cash Flows from Operating Activities	93,097.09

Investing Activities

Payment for property, plant and equipment	(1,761.36)
Other cash items from investing activities	(9,616.70)
Net Cash Flows from Investing Activities	(11,378.06)

Financing Activities

Other cash items from financing activities	(6,818.52)
Net Cash Flows from Financing Activities	(6,818.52)

Net Cash Flows	74,900.51
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Cash and Cash Equivalents

Cash and cash equivalents at beginning of period	160,872.22
Cash and cash equivalents at end of period	235,772.73
Net change in cash for period	74,900.51

The accompanying notes form part of these financial statements

These notes should be read in conjunction with the attached compilation report.

Movements in Equity

The Social Foundry Ltd

For the year ended 30 June 2020

	2020	2019
Equity		
Opening Balance	141,773.88	47,792.59
Current Year Earnings	159,268.89	111,013.67
Retained Earnings	-	(17,032.38)
Total Equity	301,042.77	141,773.88

The accompanying notes form part of these financial statements

These notes should be read in conjunction with the attached compilation report.

THE SOCIAL FOUNDRY LTD
DEPRECIATION SCHEDULE
FOR THE YEAR ENDED 30 JUNE 2020

	RATE & TYPE	% PVT USE	COST ON HAND	OPENING WDV	ADDIT'NS	DATE ORIG. ADDIT'N	SALE PRICE	PARTSALE PRICE	PROFIT (LOSS)	DISPOSAL DATE	COST	CAPITAL GAIN/LOSS	DEPN	ACCUM DEPN	PRIVATE DEPN	ACCUM PRIVATE	CLOSING WDV
Plant and equipment																	
La Marzocco FB80 Coffee Machine	40.00D		9,091	3,108	-	16/05/17	-	-	-		-	-	1,247	7,230	-	-	1,861
Sonos Load Speaker	40.00D		545	375	-	19/09/18	-	-	-		-	-	150	320	-	-	225
Comenda High Speed Dishwasher	25.00D		1,761	-	1,761	31/03/20	-	-	-		-	-	111	111	-	-	1,650
iPad mini	100.00D		726	-	726	13/10/19	-	-	-		-	-	521	521	-	-	205
POS printer	33.33D		690	-	690	13/10/19	-	-	-		-	-	165	165	-	-	525
MacBook Air 13-inch	100.00D		908	-	908	24/04/20	-	-	-		-	-	169	169	-	-	739
Wifi System	40.00D		3,303	-	3,303	25/02/20	-	-	-		-	-	460	460	-	-	2,843
			<u>17,025</u>	<u>3,483</u>	<u>7,389</u>		<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>2,823</u>	<u>8,976</u>	<u>-</u>	<u>-</u>	<u>8,049</u>
Furniture and fittings																	
Apex Chairs x 48	25.00D		3,072	-	3,072	21/09/19	-	-	-		-	-	598	598	-	-	2,474
			<u>3,072</u>	<u>-</u>	<u>3,072</u>		<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>598</u>	<u>598</u>	<u>-</u>	<u>-</u>	<u>2,474</u>
Total Assets			<u>20,096</u>	<u>3,483</u>	<u>10,461</u>		<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>3,421</u>	<u>9,574</u>	<u>-</u>	<u>-</u>	<u>10,522</u>

The accompanying notes form part of these financial statements.

These statements should be read in conjunction with the attached compilation report.

THE SOCIAL FOUNDRY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2020

2019

\$

\$

1 Statement of Significant Accounting Policies

THE SOCIAL FOUNDRY LTD ("the Company") is a not-for-profit public company limited by guarantee. The address of the Company's registered office is Suite 5 Level 3, 695 Burke Road, Camberwell, VIC 3124, Australia.

(a) Basis of Preparation

In the director's opinion, the company is not a reporting entity because there are no users dependent on general purpose financial reports. These are special purpose financial statement that have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 requirements to prepare and distribute financial statements to the members of the Company. The directors have determined that the statements adopted are appropriate to meet the needs of the members of the Company.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of the members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

(b) Revenue Recognition

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations

These notes should be read in conjunction with the attached compilation report.

5. Recognise revenue as and when control of the performance obligations is transferred.

Interest income is recognised using the effective interest method.

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

(c) Plant and Equipment

Plant and equipment are carried at cost less any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

The depreciable amount of the plant and equipment is depreciated on straight-line and diminishing value methods over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	25% - 100%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 the carrying amount. These gains or losses are recognised immediately in profit or loss.

(d) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

(e) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets

Financial assets are subsequently measured at amortised cost using the effective interest method.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Derecognition

Derecognition relates to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A financial liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires).

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risks and rewards of ownership of the asset have been substantially transferred; and
- the company no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(d) Financial Instruments (Cont'd)

Impairment

The company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

Recognition of expected credit losses in financial statements

At each reporting date, the company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

(f) Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

When it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Foreign Currency Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of transaction.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

(h) Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service,

including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee benefits

The company classifies employees' long service leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

The company's obligation for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the statement of financial position.

(i) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, less bank overdrafts.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

(l) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(m) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

THE SOCIAL FOUNDRY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
2 Government subsidies:		
ATO Cash Flow Boost	25,122	-
JobKeeper Subsidy	48,000	-
	73,122	-
	73,122	-
3 Employees entitlement:		
Holiday pay	4,139	6,955
	4,139	6,955
	4,139	6,955
4 Interest paid:		
Australian Taxation Office	368	-
ANZ	70	-
	438	-
	438	-
5 Motor vehicle expenses:		
Motor vehicle expenses	280	2,165
	280	2,165
	280	2,165
6 Cash at bank:		
NAB #92388	-	28
NAB #32634	-	97
ANZ #55247	114,995	42,747
ANZ #5263	592	118,010
ANZ #33817	110,526	-
ANZ #29371	20,000	-
	246,113	160,882
	246,113	160,882
7 Plant and equipment:		
Plant and equipment	17,025	9,636
Less accumulated depreciation	8,977	6,153
	8,048	3,483
	8,048	3,483
Furniture and fittings	3,072	-
Less accumulated depreciation	598	-
	2,474	-
	2,474	-
Total plant and equipment	10,522	3,483

These notes should be read in conjunction with the attached compilation report.

THE SOCIAL FOUNDRY LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
8 Credit card:		
Credit Card - Cafe	9,021	-
Credit card - Construction	1,320	-
	10,341	-
	10,341	-
9 Withholding taxes payable:		
PAYG withholding tax payable	-	6,560
	-	6,560
	-	6,560
10 Good and services tax:		
GST payable	3,035	9,299
	3,035	9,299
	3,035	9,299
11 Employee entitlements:		
Opening balance	6,956	-
Additional provisions raised	4,139	6,956
	11,095	6,956
	11,095	6,956

These notes should be read in conjunction with the attached compilation report.

THE SOCIAL FOUNDRY LTD

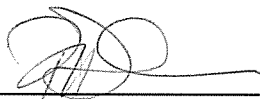
DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In accordance with a resolution of the directors of The Social Foundry Ltd, the directors of the company declare that:


1. the financial statements and notes as set out on pages 2 to 8 present fairly the company's financial position as at 30 June 2020 and its performance for the year ended on that date in accordance with the accounting policies outlined in Note 1 to the financial statements; and
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director



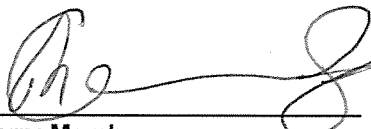
Paul Dettmann

Director



Simon Burnett

Director



Barry Membrey

Director



Susan Rivett

Dated:

THE SOCIAL FOUNDRY LTD
COMPILATION REPORT
TO THE SOCIAL FOUNDRY LTD

We have compiled the accompanying special purpose financial statements for the year ended 30 June 2020 of The Social Foundry Ltd, as set out on pages 2 to 8. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1 to the financial statements.

The Responsibility of the Directors

The directors of The Social Foundry Ltd are solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the significant accounting policies used are appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the directors, we have compiled the accompanying special purpose financial statements in accordance with the significant accounting policies as described in Note 1 to the financial statements and APES 315: Compilation of Financial Information.

We have applied our expertise in accounting and financial reporting to compile these financial statements in accordance with the significant accounting policies described in Note 1 to the financial statements. We have complied with the relevant ethical requirements of APES 110: Code of Ethics for Professional Accountants.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The special purpose financial statements were compiled exclusively for the benefit of the directors who are responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose financial statements.

Platform Advisors

Level 3
695 Burke Road
CAMBERWELL, VIC, 3124



Glenn Scott: FCPA

Dated: