

Phenix Jewellery Pty Ltd

2020



Phenix Jewellery Pty Ltd

Financial Statements
For the Year Ended 30 June 2020

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Phenix Jewellery Pty Ltd
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2020

	Notes	Year Ended 30 June 2020	Year Ended 30 June 2019
		\$	\$
Revenue			
Insurance revenue		9,482,901	10,214,516
Validation revenue		243,172	298,315
Total revenue	2	9,726,073	10,512,831
Cost of goods sold			
Cost of goods		6,467,458	6,790,367
Gross Profit		3,258,615	3,722,464
Other Income			
Other income	3	936,602	336,266
Interest received		2,080	3,183
Rent received		12,500	-
Research and development		-	92,598
Total other income		951,182	432,047
Expenditure			
Administration	4	1,313,429	1,266,808
Employee benefit expense	5	2,749,559	2,691,257
Depreciation		52,433	63,119
Amortisation		65,871	59,015
Other expense		47,354	59,660
Finance costs	6	80,739	60,918
Total expenses		4,309,385	4,200,777
Surplus/(deficit)		(99,588)	(46,266)
Other comprehensive income			
Gain/(loss) on sale of plant and equipment		-	545
Total other comprehensive income		-	545
Total Comprehensive income for the year		(99,588)	(45,721)

Phenix Jewellery Pty Ltd
Statement of Financial Position
As at 30 June 2020

	Notes	As at 30 June 2020	As at 30 June 2019
			\$
Assets			
Current assets			
Cash and cash equivalents	7	220,758	226,993
Receivables	8	312,739	438,925
Inventories	9	1,819,069	1,386,452
Prepayments		44,928	70,594
Accrued revenue		678,600	931,976
Other current assets	10	405,263	400,835
Total current assets		3,481,357	3,455,775
Non-current assets			
Other financial Assets		121,447	121,447
Property, plant, and equipment	11	284,246	336,679
Intangible assets	12	899,679	936,175
Total non-current assets		1,305,372	1,394,301
Total assets		4,786,729	4,850,076
Liabilities			
Current liabilities			
Payables	13	1,827,510	1,865,937
Accrued Expenses		49,277	233,745
BAS Payable		55,920	52,407
Employee benefits	14	114,292	122,013
Revenue received in advance		1,010,248	879,327
Borrowings	15	635,943	699,042
Total current liabilities		3,693,190	3,852,471
Non-current liabilities			
Employee benefits	14	163,799	104,440
Borrowings	15	385,730	249,567
Total non-current liabilities		549,529	354,007
Total liabilities		4,242,719	4,206,478
Net assets		544,010	643,598
Represented by:			
Equity			
Issued capital	16	1,790,059	1,790,059
Retained earnings		(1,146,461)	(1,100,740)
Current earnings		(99,588)	(45,721)
Less dividends paid		-	-
Total equity		544,010	643,598

Phenix Jewellery Pty Ltd
Statement of Changes in Equity
For the Year Ended 30 June 2020

	Notes	30 June 2020	30 June 2019
		\$	\$
Issued capital			
Balance at 01 July		1,790,059	1,790,059
Issued capital		-	-
Balance at 30 June	16	1,790,059	1,790,059
Retained earnings			
Balance at 01 July		(1,146,461)	(1,100,740)
Current year earnings		(99,588)	(45,721)
Dividends paid or provided for		-	-
Balance at 30 June		(1,246,049)	(1,146,461)
Total Equity			
Balance at 30 June		544,010	643,598

Phenix Jewellery Pty Ltd
Statement of Cash Flows
For the Year Ended 30 June 2020

	Notes	Year Ended 30 June 2020 \$	Year Ended 30 June 2019 \$
Cash flows from operating activities			
Receipts from insurance		9,993,384	10,165,786
Receipts from other revenue		1,192,274	807,540
Interest received		2,080	3,183
Payments to employees and suppliers		(11,125,543)	(10,712,781)
Finance costs		(80,739)	(60,918)
Goods and services tax (net)		3,513	(353)
Net cash flow from operating activities		(15,031)	202,458
Cash flows from investing activities			
Proceeds from sale of property, plant, and equipment		-	-
Purchase of property, plant, and equipment		(2,893)	(22,645)
Purchase of intangibles		(29,375)	(302,715)
Purchase of shares		(32,000)	-
Net cash flow from investing activities		(64,268)	(325,360)
Cash flows from financing activities			
Proceeds from overdraft facility		(151,515)	54,713
Proceeds from secured borrowings		309,892	185,000
Proceeds from asset finance loans		-	0
Repayment of secured borrowings		(85,313)	(84,456)
Net cash flow from financing activities		73,064	155,257
Net increase/(decrease) in cash and cash equivalents		(6,235)	32,355
Cash and cash equivalents at beginning of the year		226,993	194,638
Cash and cash equivalents at the end of the year	7	220,758	226,993

Phenix Jewellery Pty Ltd
Notes to and Forming Part of the Financial Statements
For the Period Ended 30 June 2020

1 STATEMENT OF ACCOUNTING POLICIES

The Directors' have prepared the financial statements on the basis that the Company is a non-reporting entity as there are no users dependent on a general-purpose financial report. The financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the Corporations Act 2001.

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

REPORTING ENTITY

Phenix Jewellery Pty Ltd (Phenix) is a Company limited by shares, incorporated and domiciled in Australia. Phenix is a for-profit entity for the purpose of preparing financial statements under Australian Accounting Standards.

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

Statement of compliance

These financial statements were authorised for issue by the Phenix Board on 30 November 2020.

Measurement basis

The financial statements have been prepared on an accrual basis and are based on historical costs.

Functional and presentation currency

The financial statements are presented in Australian dollars (\$) which is the company's functional presentation currency, rounded to the nearest dollar.

There has been no change in the functional currency of the company during the year.

SIGNIFICANT ACCOUNTING POLICIES

Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income). The company does not apply deferred tax.

Current tax

Current income tax expense charged to the profit and loss is the tax payable income calculated using applicable income tax rates enacted or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority. Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Revenue

Revenue is recognised when the amount of revenue can be measured reliably, and it is probable that economic benefits will flow to the Company. Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of goods is recognised at the point of time at which the entity transfers the significant risks and rewards of ownership of the goods and the costs incurred in respect of the transaction can be measured reliably.

Phenix recognises revenue for special orders, workshop repairs and handmakes from the transfer of legal title as opposed to the passing of possession. In all other sale of goods, the transfer of the risk and reward coincides with the transfer of legal title and the passing of possession to the buyer.

Revenue is measured at the fair value of consideration received or receivable.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in first-out basis.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Property, plant and equipment

Plant and equipment are measured at cost less depreciation and impairment losses.

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

In most instances, an item of property, plant and equipment is initially recognised at cost. Where an asset is acquired at no cost, or for a nominal amount, it is recognised at fair value as at the date of acquisition.

Disposals

Gains or losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in property revaluation reserves in respect of those assets are transferred to general funds.

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets, but excluding freehold land, is depreciated on either a straight-line or diminishing value basis over their useful lives to the Company commencing from the time the asset is held ready for use. Leased assets and leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Furniture and fixtures	5 to 40 years	2-20%
Office equipment	10 to 20 years	5-10%
Computer hardware	3 to 4 years	25-33%
Plant and equipment	10 to 40 years	2-13%
Vehicles	8 years	12.5%
Lease improvements	5 to 15 years	6.67-20%

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

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 acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from derecognition of an intangible asset is measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of twenty (20) years.

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 ten (10) years.

Audio-visual

Significant costs associated with audio visual are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of ten (5) years

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Cash and cash equivalents

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

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Receivables

Receivables are recorded at their face value, less any provision for impairment.

Receivables and loans

Receivables and loans are financial assets with fixed or determinable payments that are not quoted in an active market.

Receivables and loans are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Receivables and loans comprise of cash and cash equivalents, receivables, and concessionary loans issued.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities of 3 months or less.

Employee benefits

Short-term employee entitlements

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Long-Term Employee Benefits

The Company's liabilities for annual leave and long service leave are included in other long-term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. The Company presents employee benefit obligations as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Presentation of employee entitlements

Employee benefits that are expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Finance costs

Finance costs comprise interest expense on financial liabilities, borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in surplus or deficit using the effective interest method, otherwise borrowing costs are capitalised as part of a qualifying asset's initial cost.

Payables

Short-term creditors and other short-term payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. 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 balance date.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs" within the surplus or deficit.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

Goods and services tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recovered as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the ATO is included in the statement of financial position.

The net GST paid to, or received from the ATO, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities with the next financial year are discussed below

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2 REVENUE

	30 June 2020	30 June 2019
	\$	\$
Operating activities		
Insurance	8,771,556	9,491,370
Private sale	711,345	723,146
Validations	243,172	298,315
Total revenue	9,726,073	10,512,831

3 OTHER INCOME

	30 June 2020	30 June 2019
	\$	\$
Management fee	75,000	-
Rebates	263,384	245,252
Refining	114,754	38,962
Other income	483,464	52,052
Total other income	936,602	336,266

4 ADMINISTRATION

	30 June 2020	30 June 2019
	\$	\$
Accounting fees	5,081	2,108
Advertising and marketing	13,664	6,735
Board and strategy	545	526
Consultant fees	6,698	2,443
Cost of goods other	124,118	95,046
Director fees	25,000	25,000
Electricity	28,411	20,623
Information technology	219,586	184,201
Internet	68,867	36,273
Insurance expense	53,224	54,243
Legal fees	1,721	80,385
Office lease	619,543	605,294
Office and stationery	54,702	66,355
Subscriptions	4,301	5,271
Travel	22,095	30,743
Telephone	25,403	38,719
Administration other	40,470	12,843
Total administration costs	1,313,429	1,266,808

5 EMPLOYEE BENEFITS EXPENSE

	30 June 2020	30 June 2019
	\$	\$
Employee remuneration	2,357,508	2,240,882
Superannuation expense	233,186	239,999
Long service leave expense	50,186	46,465
Employee training and recruitment	7,389	26,226
Payroll tax	74,449	104,526
Fringe benefits tax	9,129	13,417
Other employee expense	17,712	19,742
Total employee benefits expense	2,749,559	2,691,257

6 FINANCE COSTS

	30 June 2020	30 June 2019
	\$	\$
Interest	47,682	26,379
Bank fees	17,078	20,228
Merchant fees	15,979	14,311
Total finance costs	80,739	60,918

7 CASH AND CASH EQUIVALENTS

	30 June 2020	30 June 2019
	\$	\$
Cash at bank and on hand	3,768	37,605
Short-term bank deposits	216,990	189,388
Total cash and cash equivalents	220,758	226,993

The carrying value of cash at bank and term deposits with maturities less than twelve months approximates their fair value

8 RECEIVABLES

	30 June 2020	30 June 2019
	\$	\$
Trade receivables	312,739	438,925
Other receivables	-	-
Allowance for impairment	-	-
Total receivables	312,739	438,925

The carrying value of receivables approximates their fair value

9 INVENTORIES

	30 June 2020	30 June 2019
	\$	\$
Inventory on hand	978,125	1,121,798
Raw materials	164,366	196,389
Work in Progress	668,600	-
Packaging	59,130	65,000
Stock in transit	(51,152)	3,265
Total inventories	1,819,069	1,386,452

10 OTHER CURRENT ASSETS

	30 June 2020	30 June 2019
	\$	\$
Phenix International	385,474	378,012
Asset low value pool	16,444	22,550
Other assets	3,345	273
Total other assets	405,263	400,835

11 PROPERTY, PLANT AND EQUIPMENT

Movement of each class of property, plant, and equipment are as follows:

Year ended 30 June 2020	Opening Cost	Opening Accumulated Depreciation	Opening Net Book Value	Additions	Disposals	Accumulated Depreciation Reversed	Depreciated on Charge	Impaired Charge	Transfers to Assets Available for Sale	Closing Cost	Closing Accumulated Depreciation	Closing Net Book Value
Fixtures and fittings	292,123	174,827	117,296	-	-	-	14,042	-	-	292,123	188,869	103,254
Office equipment	38,301	27,221	11,080	-	-	-	1,941	-	-	38,301	29,163	9,138
Computer hardware	116,538	85,811	30,727	-	-	-	15,381	-	-	116,538	101,192	15,347
Plant and equipment	21,726	15,085	6,641	-	-	-	623	-	-	21,726	15,707	6,019
Vehicles	55,836	15,703	40,133	-	-	-	10,033	-	-	55,836	25,737	30,099
Lease improvements	144,994	14,192	130,802	-	-	-	10,413	-	-	144,994	24,605	120,389
Total	669,518	332,839	336,679	-	-	-	52,433	-	-	669,519	385,273	284,246

Year ended 30 June 2019	Opening Cost	Opening Accumulated Depreciation	Opening Net Book Value	Additions	Disposals	Accumulated Depreciation Reversed	Depreciated on Charge	Impaired Charge	Transfers to Assets Available for Sale	Closing Cost	Closing Accumulated Depreciation	Closing Net Book Value
Fixtures and fittings	288,793	161,422	127,371	3,330.00	-	-	13,405	-	-	292,123	174,827	117,296
Office equipment	38,301	24,833	13,468	0	-	-	2,389	-	-	38,301	27,221	11,080
Computer hardware	102,823	62,896	39,927	13,715	-	-	22,915	-	-	116,538	85,811	30,727
Plant and equipment	21,726	14,372	7,354	-	-	-	713	-	-	21,726	15,085	6,641
Vehicles	55,836	2,326	53,510	-	-	-	13,377	-	-	55,836	15,703	40,133
Lease improvements	139,394	3,872	135,522	5,600	-	-	10,320	-	-	144,994	14,192	130,802
Total	646,873	269,721	377,152	22,645	-	-	63,119	-	-	669,518	332,839	336,679

12 INTANGIBLE ASSETS

	30 June 2020	30 June 2019
	\$	\$
Software		
Cost	708,334	123,679
Transfer in	94,168	584,655
additions	-	-
Disposals	-	-
Accumulated amortisation	(246,103)	(182,145)
Net carrying value	556,399	526,189
Audiovisual material		
Cost	7,442	-
additions	-	7,442
Disposals	-	-
Accumulated amortisation	(1,613)	(124)
Net carrying value	5,829	7,318
Trademarks		
Cost	8,492	8,492
additions	-	-
Disposals	-	-
Accumulated amortisation	(1,257)	(832)
Net carrying value	7,235	7,660
Work in progress - software		
Cost	395,008	684,390
Transfer out	(94,168)	(584,655)
additions	29,376	295,273
Disposals	-	-
Accumulated amortisation	-	-
Net carrying value	330,216	395,008
Total intangible assets	899,679	936,175

13 PAYABLES

	30 June 2020	30 June 2019
	\$	\$
Trade payables	1,721,597	1,347,788
Consignment liability	3,583	413,818
Compliance and other	102,330	104,331
Total payables	1,827,510	1,865,937

Payables are non-interest bearing and are normally settled on 30-day terms. Therefore the carrying value of payables approximates their fair value.

14 EMPLOYEE BENEFITS

	30 June 2020	30 June 2019
	\$	\$
Current		
Annual leave	107,438	110,275
Long service leave	6,854	11,738
Total current portion	114,292	122,013
Non-current		
Annual leave	18,228	7,949
Long service leave	145,571	96,491
Total non current portion	163,799	104,440

The current portion of these liabilities represents obligations to which the employee has a current legal entitlement. These liabilities arise mainly from accrued annual leave entitlement at reporting date.

15 BORROWINGS

	30 June 2020	30 June 2019
	\$	\$
Current portion		
Bank overdraft	305,750	457,266
ANZ credit card	127,007	97,116
Director loan	156,000	60,000
Lease liability	12,566	15,422
Secured loans	34,620	69,240
Total current portion	635,943	699,043
Non-current portion		
Director Loan	25,000	115,000
Lease liability	33,811	46,743
Secured loans	326,919	87,823
Total non-current portion	385,730	249,566
Total Borrowings	1,021,673	948,609

16 ISSUED CAPITAL

	30 June 2020	30 June 2019
	\$	\$
Class "B" shares, issued 34,485	304,183	304,183
Ordinary shares, issued 301,030	1,485,876	1,485,876
Total issued capital	1,790,059	1,790,059

The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Class B shareholders have rights in addition to that of ordinary shareholders.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At the shareholders' meetings every member present is entitled to one vote when a poll is called, otherwise each member has one vote on a show of hands.

17 EVENTS AFTER REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the Company in future financial years.

Directors' Declaration

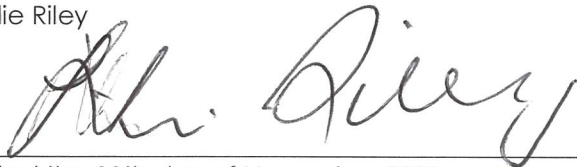
The Directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 1 to 14, are in accordance with the Corporations Act 2001:
 - a. Comply with Accounting Standards as described in Note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. Give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Company in accordance with the accounting policies described in Note 1 to the financial statements; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

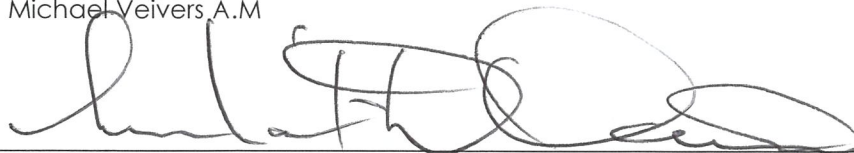
This declaration is made in accordance with a resolution of the Board of Directors.

Director
Leslie Riley



Dated the 30th day of November 2020

Director
Michael Veivers A.M



Dated the 30th day of November 2020

