

Phenix Jewellery Pty Ltd

2022



Phenix Jewellery Pty Ltd

Financial Statements
For the Year Ended 30 June 2022

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Phenix Jewellery Pty Ltd
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2022

	Notes	Year Ended 30 June 2022 \$	Year Ended 30 June 2021 \$
Revenue			
Insurance revenue		6,481,707	7,821,669
Validation revenue		262,890	333,357
Total revenue	2	6,744,597	8,155,026
Cost of goods sold			
Cost of goods		4,249,113	5,510,186
Gross Profit		2,495,484	2,644,840
Other Income			
Other income	3	415,032	1,334,130
Interest received		1,813	529
Rent received		10,833	31,500
Total other income		427,678	1,366,159
Expenditure			
Administration	4	1,086,096	1,736,044
Employee benefit expense	5	1,829,607	2,167,056
Depreciation		36,133	39,031
Amortisation		149,171	69,796
Other expense		50,800	42,917
Finance costs	6	70,408	61,421
Total expenses		3,222,215	4,116,265
Surplus/(deficit)		(299,053)	(105,266)
Other comprehensive income			
Gain/(loss) on sale of plant and equipment		1,998	-
Total other comprehensive income		1,998	-
Total Comprehensive income for the year		(297,055)	(105,266)

Phenix Jewellery Pty Ltd
Statement of Financial Position
As at 30 June 2022

	Notes	As at 30 June 2022	As at 30 June 2021
Assets			
Current assets			
Cash and cash equivalents	7	123,914	213,374
Receivables	8	277,482	312,981
Inventories	9	1,401,121	1,209,878
Prepayments		99,627	13,891
Accrued revenue		702,153	620,303
Other current assets	10	395,978	387,201
Total current assets		3,000,275	2,757,628
Non-current assets			
Other financial Assets		209,447	209,447
Property, plant, and equipment	11	228,525	245,215
Intangible assets	12	1,243,994	1,393,165
Total non-current assets		1,681,966	1,847,827
Total assets		4,682,241	4,605,455
Liabilities			
Current liabilities			
Payables	13	1,706,771	1,692,850
Accrued Expenses		396,023	29,700
BAS Payable		35,927	30,675
Employee benefits	14	109,206	113,627
Revenue received in advance		1,181,334	1,358,978
Borrowings	15	470,247	420,144
Total current liabilities		3,899,508	3,645,974
Non-current liabilities			
Employee benefits	14	132,824	137,806
Borrowings	15	577,000	451,712
Total non-current liabilities		709,824	589,518
Total liabilities		4,609,332	4,235,492
Net assets		72,909	369,964
Represented by;			
Equity			
Issued capital	16	1,790,059	1,790,059
Retained earnings		(1,420,096)	(1,314,829)
Current earnings		(297,055)	(105,266)
Total equity		72,909	369,964

Phenix Jewellery Pty Ltd
Statement of Changes in Equity
For the Year Ended 30 June 2022

	Notes	30 June 2022	30 June 2021
		\$	\$
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		(1,420,095)	(1,314,829)
Current year earnings		(297,055)	(105,266)
Dividends paid or provided for		-	-
Balance at 30 June		(1,717,150)	(1,420,095)
Total Equity			
Balance at 30 June		72,909	369,964

Phenix Jewellery Pty Ltd
Notes to and Forming Part of the Financial Statements
For the Period Ended 30 June 2022

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 29th November 2022.

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 2022	30 June 2021
	\$	\$
Operating activities		
Insurance	5,980,190	6,889,669
Retail	501,517	932,000
Validations	262,890	333,357
Total revenue	6,744,597	8,155,026

3 OTHER INCOME

	30 June 2022	30 June 2021
	\$	\$
Management fee	150,000	156,000
Rebates	116,951	157,766
Refining	38,504	70,158
Other income	109,577	950,206
Total other income	415,032	1,334,130

4 ADMINISTRATION

	30 June 2022	30 June 2021
	\$	\$
Accounting fees	6,350	6,130
Advertising and marketing	28,122	82,920
Asset write off	1,554	28,717
Bad Debts	909	16,333
Consultant fees	30,961	12,237
Cost of goods other	83,832	696,498
Director fees	21,667	25,000
Electricity	12,995	18,410
Information technology	194,559	194,499
Internet	51,606	61,551
Insurance expense	55,480	50,112
Legal fees	3,565	1,870
Office lease	490,385	523,319
Office and stationery	54,018	55,695
Subscriptions	8,186	6,190
Travel	4,365	6,211
Telephone	14,705	20,166
Administration other	4,982	6,968
Total administration costs	1,068,241	1,812,826

5 EMPLOYEE BENEFITS EXPENSE

	30 June 2022	30 June 2021
	\$	\$
Employee remuneration	1,592,941	1,918,032
Superannuation expense	169,078	197,450
Employee training and recruitment	5,765	6,365
Payroll tax	42,805	19,237
Fringe benefits tax	7,437	13,378
Worker's Compensation	11,581	12,594
Total employee benefits expense	1,829,607	2,167,056

6 FINANCE COSTS

	30 June 2022	30 June 2021
	\$	\$
Interest	35,780	30,966
Bank fees	19,425	15,934
Merchant fees	15,203	14,521
Total finance costs	70,408	61,421

7 CASH AND CASH EQUIVALENTS

	30 June 2022	30 June 2021
	\$	\$
Cash at bank and on hand	5,204	4,170
Short-term bank deposits	118,710	209,204
Total cash and cash equivalents	123,914	213,374

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

8 RECEIVABLES

	30 June 2022	30 June 2021
	\$	\$
Trade receivables	300,554	312,981
Allowance for impairment	-	-
Total receivables	300,554	312,981

The carrying value of receivables approximates their fair value

9 INVENTORIES

	30 June 2022	30 June 2021
	\$	\$
Inventory on hand	963,225	964,552
Raw materials	362,476	124,579
Packaging	75,420	83,655
Stock in transit	-	37,092
Total inventories	1,401,121	1,209,878

10 OTHER CURRENT ASSETS

	30 June 2022	30 June 2021
	\$	\$
Phenix International	390,039	387,128
Other assets	5,939	73
Total other assets	395,978	387,201

11 PROPERTY, PLANT AND EQUIPMENT

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

Year ended 30 June 2022	Opening Cost	Opening Accumulated Depreciation	Opening Net Book Value	Additions	Disposals	Accumulated Depreciation Reversed	Depreciation Charge	Impairment Charge	Transfers to Assets Available for Sale	Closing Cost	Closing Accumulated Depreciation	Closing Net Book Value
Fixtures and fittings	292,123	200,153	91,970	-	37,956	20,313	9,195	-	-	254,167	189,034	65,132
Office equipment	38,301	30,746	7,555	-	8,350	7,137	1,297	-	-	29,951	24,906	5,045
Computer hardware	116,538	108,871	7,667	4,929	-	-	4,576	-	-	121,467	113,447	8,020
Plant and equipment	21,726	16,254	5,473	9,826	-	-	1,870	-	-	31,552	18,123	13,429
Vehicles	55,836	33,262	22,574	-	-	-	5,644	-	-	55,836	38,905	16,931
Lease improvements	144,994	35,018	109,976	23,545	-	-	13,552	-	-	168,539	48,570	119,969
Total	669,518	424,303	245,215	38,300	46,306	27,450	36,133	-	-	661,512	432,986	228,525

Year ended 30 June 2021	Opening Cost	Opening Accumulated Depreciation	Opening Net Book Value	Additions	Disposals	Accumulated Depreciation Reversed	Depreciation Charge	Impairment Charge	Transfers to Assets Available for Sale	Closing Cost	Closing Accumulated Depreciation	Closing Net Book Value
Fixtures and fittings	292,123	188,869	103,254	-	-	-	11,284	-	-	292,123	200,153	91,970
Office equipment	38,301	29,163	9,138	-	-	-	1,583	-	-	38,301	30,746	7,555
Computer hardware	116,538	101,192	15,346	-	-	-	7,679	-	-	116,538	108,871	7,667
Plant and equipment	21,726	15,707	6,019	-	-	-	547	-	-	21,726	16,254	5,473
Vehicles	55,836	25,737	30,099	-	-	-	7,525	-	-	55,836	33,262	22,574
Lease improvements	144,994	24,605	120,389	-	-	-	10,413	-	-	144,994	35,018	109,976
Total	669,518	385,273	284,245	-	-	-	39,031	-	-	669,518	424,303	245,215

12 INTANGIBLE ASSETS

	30 June 2022	30 June 2021
	\$	\$
Software		
Cost	2,248,952	2,018,472
Transfer in	99,735	230,481
additions	-	-
Disposals	-	-
Accumulated amortisation	(1,113,932)	(966,674)
Net carrying value	1,234,755	1,282,279
Audiovisual material		
Cost	7,442	7,442
additions	-	-
Disposals	-	-
Accumulated amortisation	(4,589)	(3,101)
Net carrying value	2,853	4,341
Trademarks		
Cost	8,492	8,492
additions	-	-
Disposals	-	-
Accumulated amortisation	(2,106)	(1,681)
Net carrying value	6,386	6,811
Work in progress - software		
Cost	99,735	330,216
Transfer out	(99,735)	(230,481)
additions	-	-
Disposals	-	-
Accumulated amortisation	-	-
Net carrying value	-	99,735
Total intangible assets	1,243,994	1,393,165

13 PAYABLES

	30 June 2022	30 June 2021
	\$	\$
Trade payables	1,586,050	1,590,338
Payables other	120,721	102,512
Total payables	1,706,771	1,692,850

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 2022	30 June 2021
	\$	\$
Current		
Annual leave	90,820	101,333
Long service leave	21,515	29,876
Total current portion	112,335	131,209
Non-current		
Annual leave	18,387	12,294
Long service leave	111,309	107,930
Total non current portion	129,696	120,224

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 2022	30 June 2021
	\$	\$
Current portion		
Bank overdraft	331,530	253,308
ANZ credit card	94,005	88,124
Lease liability	27,027	9,302
Secured loans	17,685	69,410
Total current portion	470,247	420,144
Non-current portion		
Director Loan	327,000	157,000
Lease liability	-	27,027
Secured loans	250,000	267,685
Total non-current portion	577,000	451,712
Total Borrowings	1,047,247	871,856

16 ISSUED CAPITAL

	30 June 2022	30 June 2021
	\$	\$
Class "B" shares, issued 34,485	304,183	304,183
Ordinary shares, issued 310,367	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 2022 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 29 November 2022

THE POWER OF BEING UNDERSTOOD

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RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

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