



# BATES & PICKERING

CHARTERED ACCOUNTANTS • TAXATION • BUSINESS SERVICES

**Private & Confidential**

The Directors

Accurate Background UK Limited

Legalinx Limited, Tallis House, 2 Tallis Street, Temple,  
London, England, EC4Y 0AB

27 February 2023

To Whom this may concern

**RE: Completion Statement**

We refer to the Share Purchase Agreement for Shares in VerifyNow Pty Ltd ("The Agreement") in providing this Competition Statement prepared in accordance with clause 4.5.

Set out below is a summary of Clause 4.5 Sellers' Completion Statement:

- a. Estimated Net Debt \$(276,056)
- b. Estimated Working Capital \$(248,462)
- c. Initial Adjustment Amount \$(524,518)
- d. Adjustments/allowances required – Refer to appendix.
- e. Initial Consideration payable to the Seller on Completion date \$1,995,482.

We further note the balance of the Cogent Loan account as at completion date is \$607,966 which is payable in accordance with 5.4(b) of the Agreement.

As such the following payments (once agreed) are due:

- \$1,995,482 being the Initial Consideration Payable; and
- \$607,966 being the Cogent Loan Payout.

In addition, once the completion accounts are approved there is a Final Adjustment Amount which represents the difference between the Actual net debt/working capital and the estimated net debt/working capital amounts.

We have outlined the detailed calculations in the appendix to this letter.

Please do not hesitate to contact this office if you have any further questions or enquires.

Kind regards

Mr Stephen Bates  
BATES & PICKERING



## APPENDIX

### Trial Balance as at 22 February 2022

The following trial balance has been used in calculating the various aspects of the Completion Statement.

Description	\$ Dr/(Cr)
Cash on Hand	200
Cash at Bank	371,194
Prepayments	1,363
Trade Debtors	334,612
Property, Plant & Equipment (WDV)	17,480
Blackhole Expenses (WDV)	18,517
Internally Generated IP (at Cost)	473,440
Trade Creditors	(209,448)
Accrued Expenses	(208,416)
NAB Credit Cards	(3,025)
Cogent Loan Account	(607,966)
GST Payable / (Refundable)	6,869
PAYGW Payable	(47,442)
Provision for Annual Leave	(30,418)
Provision for Long Service Leave	(13,575)
Retained Earnings	(103,185)
Ordinary Shares - \$1/200	(200)

### The Estimated Net Debt

The Estimated Net Debt amount has been calculated with reference to the Share purchase agreement for Shares in VerifyNow Pty Ltd being Debt<sup>1</sup> less Cash calculated as at the Completion date.

Estimated Net Debt	\$
Cash (including credit cards)	368,369
Less: Debt	(644,425)
<b>Total</b>	<b>(276,056)</b>

For the avoidance of doubt debt is made up of the following amounts:

<sup>1</sup> The definition of Debt per the Agreement includes the adjustments outlined in Schedule 1 Definitions. Refer to 'Each adjustment or allowance required under this agreement including allowances for the Debt and Cash' for further information.



Description	\$
Cogent Loan Account	607,966
Provisions Annual & Long Service Leave*	36,459

\*The provision accounts have been adjusted in accordance with the definition of debt outlined in schedule 1 Definition.

### The Estimated Working Capital

The Estimated Working Capital<sup>2</sup> has been calculated in accordance with the definition outlined in Schedule 1 of the Agreement

The Estimated Working Capital	\$	\$
<b>Estimated Working Capital Amount</b>		
Debtors	334,612	
Work-in-progress	0	
Other assets	1,363	
Trade Creditors	(209,448)	
Taxes due (GST, PAYG and Payroll Taxes)	(40,573)	
Other liabilities	(208,416)	(122,462)
<b>Less: Target Working Capital</b>		<b>(126,000)</b>
<b>Total</b>		<b>(248,462)</b>

### The Initial Adjustment Amount

The Initial Adjustment Amount<sup>3</sup> has been calculated in accordance with the definition outlined in Schedule 1.

The Initial Adjustment Amount	\$
Estimated Working Capital	(248,462)
Less: Estimated Net Debt	(276,056)
<b>Total</b>	<b>(524,518)</b>

### Each adjustment or allowance required under this agreement including allowances for the Debt and Cash

In accordance with the definition of debt the provision for Annual and Long Service Leave has been adjusted in determining the value of debt as set out below:

<sup>2</sup> Working Capital means the Company's debtors, work-in-progress, trade creditors, trade debtors, superannuation payments, GST payments, PAYG payments, payroll tax payments and all other current assets and liabilities not specified as third party debt.

<sup>3</sup> Initial Adjustment Amount means the aggregate of the Estimated Working Capital minus the Estimated Net Debt (which may be a positive or negative number), as set out in the Sellers' Completion Statement.



Description	Full Rate \$	Gross up on-costs and leave loading (10.5%) \$	Reduced to 75% \$
Annual Leave Provision	30,418	33,612	25,209
Long Service Leave	13,575	15,000	11,250

**The Initial Consideration payable to each Seller on the Completion Date**

Initial Consideration means the amount determined in accordance with the following formula:

$$IC = CP - HA$$

Where:

IC is the Sellers' collective Initial Consideration amount;

CP is the Completion Payment;

HA is the Holdback Amount (which on Completion shall be \$280,000).

Initial Consideration	\$	\$
Completion Payment		
<i>Enterprise Value<sup>4</sup></i>	2,800,000	
<i>Plus: Initial Adjustment Amount</i>	(524,518)	2,275,482
Holdback Amount		(280,000)
<b>Total</b>		<b>1,995,482</b>

<sup>4</sup> Enterprise Value means \$2,800,000 in accordance with Schedule 1 Dictionary.

**Balance Sheet**

As of February 2023

**Assets****Current Assets****Bank Accounts**

NAB 310330259

\$371,194.12

Petty Cash/Cash On Hand

\$200.00

**Total Bank Accounts**

\$371,394.12

**Other Current Assets**

Trade Debtors

\$334,611.63

Prepayments

\$1,363.39

**Total Other Current Assets**

\$335,975.02

**Total Current Assets**

\$707,369.14

**Non-Current Assets****Office Equipment**

Office Equipment At Cost

\$2,390.00

**Total Office Equipment**

\$2,390.00

**Computers**

Computers At Cost

\$21,463.40

Accum. Depr. Computers

-\$6,374.00

**Total Computers**

\$15,089.40

**Total Non-Current Assets**

\$17,479.40

**INTANGIBLES**

Blackhole Expenses

\$24,448.00

less Amortisation

-\$5,930.60

Internally Generated IP

\$473,440.00

**Total INTANGIBLES**

\$491,957.40

**Total Assets**

\$1,216,805.94

**Liabilities****Current Liabilities**

Trade Creditors

\$209,447.90

NAB Credit Card

\$3,024.66

Loan Cogent Business Solutions

\$607,966.12

Accrued Expenses

\$208,415.80

**GST Liabilities**

GST Collected

\$11,675.28

GST Paid

-\$18,544.06

**Total GST Liabilities**

-\$6,868.78

**Payroll Liabilities**

\* PAYG Withholding Payable

\$47,442.00

Provision for Annual Leave Accrual

\$30,418.38

Provision for Long Service Leave Accrual

\$13,575.02

**Total Payroll Liabilities**

\$91,435.40

**Total Current Liabilities**

\$1,113,421.10

**Total Liabilities**

\$1,113,421.10

**Net Assets**

\$103,384.84

**Equity**

Ordinary Shares of \$1

\$200.00

Retained Earnings

\$183,918.52

Current Year Earnings

-\$80,733.68

This report includes Year-End Adjustments.

## Balance Sheet

As of February 2023

Total Equity	\$103,384.84

**Profit & Loss Statement**

July 2022 To February 2023

Income		
Industry PES		\$2,118,751.63
PES		\$174,456.55
Recruitment		\$5,050.00
Consultancy		\$15,070.00
<b>Total Income</b>		<b>\$2,313,328.18</b>
Cost Of Sales		
OTHER EXPENSES		
Industry PES	\$1,063,226.86	
PES	\$100,778.02	
Recruitment	\$2,529.29	
Consultancy	\$4,198.67	
SUBCONTRACTORS		
Subcontractors - Fees/Costs	\$138,549.02	
WAGES & SUPERANNUATION		
Wages & Salaries	\$675,982.05	
Superannuation	\$69,566.23	
Annual Leave Accrual	-\$4,139.48	
Long Service Leave Accrual	\$13,575.02	
<b>Total Cost Of Sales</b>		<b>\$2,064,265.68</b>
<b>Gross Profit</b>		<b>\$249,062.50</b>
Expenses		
Accounting/Bookeeping Fees		\$4,787.50
Advertising & Marketing		\$21,190.66
Bank Fees		\$573.71
Cleaning Expenses		\$750.00
Communications		
Communications - ISP	\$589.01	
Communication - Mobile	\$2,378.75	
Communication - Telephone	\$861.60	
Communication - Website	\$669.45	
Communication - IT Hosting	\$52,362.39	
Courier		\$236.92
Dues & Subscriptions		\$15,465.72
Electricity Expenses		\$321.98
Equipment Minor		\$437.65
Filing Fees		\$290.00
GST Rounding A/C		-\$0.38
Insurance		\$13,533.87
Insurance - Workers Comp		\$6,151.51
Legal Fees		\$3,743.71
Office Expenses		\$653.04
Office Rent		\$14,997.16
OHS Management		\$127.27
Parking		\$61.17
Postage		\$93.10
Staff Amenities GST		\$94.82
Staff Training Expenses		\$294.91
Travel & Accom. Expenses		\$7,934.91
Payroll Expenses		
Wages & Salaries Mgmt	\$106,512.48	

This report includes Year-End Adjustments.

**Profit & Loss Statement**

July 2022 To February 2023

Superannuation Mgmt	\$11,183.79	
Total Payroll Expenses		\$117,696.27
Total Expenses		\$266,296.70
Operating Profit		-\$17,234.20
Total Other Income		\$0.00
Other Expenses		
Interest Expense	\$3,918.08	
Payroll Tax	\$59,581.40	
Total Other Expenses		\$63,499.48
Net Profit/(Loss)		-\$80,733.68

This report includes Year-End Adjustments.



**Trial Balance**

February 2023

Account No.	Account Name	Debit	Credit	YTD Debit	YTD Credit
1-1110	NAB 310330259	\$220,600.40		\$371,194.12	
1-1140	Petty Cash/Cash On Hand	\$0.00		\$200.00	
1-1310	Trade Debtors		\$27,094.87	\$334,611.63	
1-1330	Prepayments		\$4,197.51	\$1,363.39	
1-2210	Office Equipment At Cost	\$0.00		\$2,390.00	
1-2310	Computers At Cost	\$0.00		\$21,463.40	
1-2320	Accum. Depr. Computers	\$0.00			\$6,374.00
1-8100	Blackhole Expenses	\$0.00		\$24,448.00	
1-8110	less Amortisation	\$0.00			\$5,930.60
1-8200	Internally Generated IP	\$0.00		\$473,440.00	
2-1100	Trade Creditors	\$24,360.71			\$209,447.90
2-1110	NAB Credit Card	\$555.79			\$3,024.66
2-1120	Loan Cogent Business Solutions		\$7,999.01		\$607,966.12
2-1140	Accrued Expenses		\$208,415.80		\$208,415.80
2-1210	GST Collected		\$2,266.47		\$11,675.28
2-1220	GST Paid	\$3,566.69		\$18,544.06	
2-1410	* PAYG Withholding Payable		\$27,474.00		\$47,442.00
2-1440	Provision for Annual Leave Accrual	\$337.36			\$30,418.38
2-1450	Provision for Long Service Leave Accrual		\$13,575.02		\$13,575.02
3-0050	Ordinary Shares of \$1		\$0.00		\$200.00
3-8000	Retained Earnings		\$0.00		\$183,918.52
4-1000	Industry PES		\$285,014.63		\$2,118,751.63
4-2000	PES		\$22,465.03		\$174,456.55
4-4000	Recruitment		\$0.00		\$5,050.00
4-5000	Consultancy		\$200.00		\$15,070.00
5-2100	Industry PES	\$149,329.36		\$1,063,226.86	
5-2200	PES	\$20,602.53		\$100,778.02	
5-2400	Recruitment	\$0.00		\$2,529.29	
5-2500	Consultancy	\$147.00		\$4,198.67	
5-3100	Subcontractors - Fees/Costs	\$15,400.00		\$138,549.02	
5-4100	Wages & Salaries	\$107,515.85		\$675,982.05	
5-4200	Superannuation	\$11,289.16		\$69,566.23	
5-4300	Annual Leave Accrual		\$337.36		\$4,139.48
5-4350	Long Service Leave Accrual	\$13,575.02		\$13,575.02	
6-1100	Accounting/Bookkeeping Fees	\$131.25		\$4,787.50	
6-1200	Advertising & Marketing	\$1,303.29		\$21,190.66	
6-1300	Bank Fees	\$43.76		\$573.71	
6-1600	Cleaning Expenses	\$0.00		\$750.00	
6-1705	Communications - ISP	\$0.00		\$589.01	
6-1720	Communication - Mobile	\$236.68		\$2,378.75	
6-1740	Communication - Telephone	\$0.00		\$861.60	
6-1750	Communication - Website	\$74.95		\$669.45	
6-1755	Communication - IT Hosting	\$1,493.93		\$52,362.39	
6-1760	Courier	\$0.00		\$236.92	
6-1780	Dues & Subscriptions	\$1,316.95		\$15,465.72	
6-1790	Electricity Expenses	\$0.00		\$321.98	
6-1800	Equipment Minor	\$0.00		\$437.65	
6-1820	Filing Fees	\$0.00		\$290.00	
6-1830	GST Rounding A/C	\$0.00			\$0.38
6-1840	Insurance	\$4,197.51		\$13,533.87	
6-1850	Insurance - Workers Comp	\$0.00		\$6,151.51	
6-1900	Legal Fees	\$0.00		\$3,743.71	
6-2000	Office Expenses	\$0.00		\$653.04	

This report includes Year-End Adjustments.

**Trial Balance**

February 2023

Account No.	Account Name	Debit	Credit	YTD Debit	YTD Credit
6-2010	Office Rent	\$0.00		\$14,997.16	
6-2020	OHS Management	\$0.00		\$127.27	
6-2030	Parking	\$0.00		\$61.17	
6-2050	Postage	\$0.00		\$93.10	
6-3000	Staff Amenities GST	\$0.00		\$94.82	
6-3100	Staff Training Expenses	\$0.00		\$294.91	
6-4400	Travel & Accom. Expenses	\$280.97		\$7,934.91	
6-5100	Wages & Salaries Mgmt	\$12,530.88		\$106,512.48	
6-6520	Superannuation Mgmt	\$1,315.74		\$11,183.79	
9-1000	Interest Expense	\$0.00		\$3,918.08	
9-1100	Payroll Tax	\$8,833.92		\$59,581.40	
Total:		\$599,039.70	\$599,039.70	\$3,645,856.32	\$3,645,856.32

This report includes Year-End Adjustments.