



Homely Group (Round Two) Pty Ltd

ACN 623 104 325

General Purpose Financial Statements

For the year ending 30 June 2021

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DIRECTORS' REPORT

Your Directors present their report on Homely Group (Round Two) Pty Ltd (the "Company" or "Homely") for the financial year ended 30 June 2021.

Directors

The names of the Directors in office at any time during or since the end of the year are:

- Mr Vernon Spencer (Non-Executive Chairman)
- Mr Adam Spencer (Joint Chief Executive Officer)
- Mr Jason Spencer (Joint Chief Executive Officer)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of operations and financial results

The Company did not receive any income nor incur any expenses and accordingly there was no profit or loss for the year.

Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Principal activities

During the year the Company acted solely as an investment manager and did not carry on any business activity on its own behalf. The sole activity of the Company during the financial year was to acquire a further 375,000 fully paid Ordinary Shares in Homely Group Pty Ltd ACN 612 419 584 ("Homely Group").

There have been no significant changes in the nature of these activities during the year.

Events arising since the end of the reporting period

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.

Dividends paid or recommended

No dividends have been paid or declared since the start of the financial year.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnities given to, and insurance premiums paid for, officers of the Company

During the year, Homely Group paid a premium to insure officers of the Company. The officers of the Company covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

DIRECTORS' REPORT

Details of the amount of the premiums paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the policies.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Company against a liability incurred as such by an officer.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors.



Jason Spencer

Director

19 November 2021



Adam Spencer

Director

19 November 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 30 June 2021

NOTE	30 JUNE 2021 \$	30 JUNE 2020 \$
Revenue from contracts with customers	-	-
Other revenue and income	-	-
Total revenue and income	-	-
Expenses from operations excluding impairment, depreciation, amortisation and finance costs	-	-
Impairment	-	-
Depreciation and amortisation	-	-
Finance costs	-	-
Total expenses	-	-
Net (loss)/profit from operations before income tax expense	-	-
Income tax expense	-	-
Net (loss) from operations after income tax expense	-	-
Other comprehensive (loss)/income for the period	-	-
Total comprehensive (loss)/income for the period	-	-

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes.

STATEMENT OF FINANCIAL POSITION

for the period ended 30 June 2021

	NOTE	30 JUNE 2021 \$	30 JUNE 2020 \$
Current assets			
Cash and cash equivalents	7	-	-
Trade and other receivables		-	-
Total current assets		-	-
Non-current assets			
Receivables – related parties	5	110,000	-
Investments		5,359,750	4,984,750
Property, plant and equipment		-	-
Intangible assets		-	-
Total non-current assets		5,469,750	4,984,750
Total assets		5,469,750	4,984,750
Current liabilities			
Payables		-	-
Provisions		-	-
Current tax liabilities		-	-
Total current liabilities		-	-
Non-current liabilities			
Payables – related parties		-	-
Provisions		-	-
Deferred tax liabilities		-	-
Total non-current liabilities		-	-
Total liabilities		-	-
Net assets		5,469,750	4,984,750
Equity			
Contributed equity	3	5,359,750	4,984,750
Equity not yet issued		110,000	-
Retained (losses)/profits		-	-
Total equity		5,469,750	4,984,750

The above Statement of Financial Position should be read in conjunction with the accompanying Notes.

STATEMENT OF CASH FLOWS

for the period ended 30 June 2021

	NOTE	30 JUNE 2021 \$	30 JUNE 2020 \$
Cash flows from operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		-	-
Interest received		-	-
Other revenue		-	-
Finance costs paid		-	-
Income tax paid		-	-
Net cash inflow/(outflow) from operating activities		-	-
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		-	-
Proceeds from sale of investments		-	-
Purchase of investments		(375,000)	(1,163,750)
Payment for intangibles		-	-
Net cash inflow/(outflow) from investing activities		(375,000)	(1,163,750)
Cash flows from financing activities			
Related party advances		(110,000)	653,750
Dividends paid		-	-
Proceeds from issue of new share capital		485,000	510,000
Net cash inflow/(outflow) from financing activities		375,000	1,163,750
Net (decrease)/increase in cash and cash equivalents held		-	-
Cash and cash equivalents at the beginning of the financial period		-	-
Cash and cash equivalents at the end of the financial period		-	-

The above Statement of Cash Flows should be read in conjunction with the accompanying Notes.

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2021

	CONTRIBUTED EQUITY \$	EQUITY NOT YET ISSUED \$	RETAINED EARNINGS \$	TOTAL \$
Balance at 1 July 2019	3,821,000	653,750	-	4,474,750
Profit/(loss) for the year	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	-
Transactions with owners of the Company:				
Issue of share capital	1,163,750	-	-	1,163,750
Capital received pending issue	-	(653,750)	-	(653,750)
Dividends paid shareholders	-	-	-	-
Total transactions with owners	1,163,750	(653,750)	-	510,000
Balance at 30 June 2020	4,984,750	-	-	4,984,750
Balance at 1 July 2020	4,984,750	-	-	4,984,750
Profit/(loss) for the year	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	-
Transactions with owners of the Company:				
Issue of share capital	375,000	-	-	375,000
Capital received pending issue	-	110,000	-	110,000
Dividends paid shareholders	-	-	-	-
Total transactions with owners	375,000	110,000	-	485,000
Balance at 30 June 2021	5,359,750	110,000	-	5,469,750

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2021

1. Summary of Significant Accounting Policies

A. Corporate information

Homely Group (Round Two) Pty Ltd (“Homely” or the “Company”) is a non-operating, privately held company limited by shares incorporated and domiciled in Australia.

The Company is principally engaged in the acquisition of investments in Homely Group Pty Ltd ACN 612 419 584. The Company’s principal place of business is Melbourne, Australia. Further information on the nature of the operations and principal activities of the Company is provided in the Directors’ Report. Information on related party relationships of the Company is provided in Note 5.

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.

B. Basis of Preparation

This financial report is for the period 1 July 2020 to 30 June 2021 (2020: 1 July 2019 to 30 June 2020). Reference in this report to ‘period’ is to the financial year in Australia running 1 July to 30 June.

The financial report is a general purpose financial report and has been prepared:

- in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board
- the financial report also complies with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board;
- in accordance with the going concern basis of accounting; and
- on a historical cost basis.

i. Currency of presentation

All amounts are expressed in Australian dollars, which is the Company’s presentation and functional currency.

ii. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, whose meaning is understood per the *A New Tax System (Goods and Services Tax) Act 1999*, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST, where applicable.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

2. Financial and Capital Risk Management

Financial Risk Management

The Company’s principal financial instruments comprise of cash and related party advances (Note 5). The main purpose of these financial instruments is to manage liquidity and to raise finance for the Company’s operations. The Company has various other financial instruments, such as trade and other receivables and trade and other payables, which arise directly from its operations. The Company’s risk management activities for interest rate are carried out centrally by the Board of Directors.

Capital Risk Management

The Company manages the capital structure to ensure:

- sufficient finance capacity for the business is maintained at a reasonable cost; and
- sufficient funds are available for the business to implement its capital expenditure.

Risk factors

The key financial risk factors, including market risk, that arise from the Company’s activities, including the Company’s policies for managing these risks are outlined below.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2021

A. INTEREST RATE RISK

Interest rate risk refers to the risks that the value of a financial instrument or future cash flows associated with the instrument will fluctuate due to movements in market interest rates.

Interest rate risk arises from interest bearing financial assets that the Company utilises. The Company does not utilise interest-bearing liabilities. Interest bearing assets are predominantly short term liquid assets.

The Company's risk management policy for interest rate risk seeks to reduce the effects of interest rate movements on its asset and liability portfolio.

A reasonably possible change in interest rates would not have a material impact on the finance costs incurred by the Company.

Interest Rate Risk Measurement and Reporting

The Company does not enter into transactions to provide protection against fluctuations in short term interest rates. The primary balances affected by interest rate variability are short term liquid assets and the Company does not rely on interest-bearing assets as a significant source of revenue in its operations.

Measurement of Interest Rate Risk

The Company does not measure interest rate risk due to the minimal impact of short term interest rates on the Company's operations.

	FLOATING RATE \$	FIXED RATE \$	NON- INTEREST BEARING \$	TOTAL \$
As at 30 June 2021				
Cash and cash equivalents	-	-	-	-
Trade and other receivables*	-	-	-	-
Receivables – related party advances	-	-	110,000	110,000
Total financial assets	-	-	110,000	110,000
Payables – related party advances	-	-	-	-
Payables*	-	-	-	-
Total financial liabilities	-	-	-	-
Net exposure to cash flow interest rate risk	-	-	110,000	110,000
As at 30 June 2020				
Cash and cash equivalents	-	-	-	-
Trade and other receivables*	-	-	-	-
Receivables – related party advances	-	-	-	-
Total financial assets	-	-	-	-
Payables – related party advances	-	-	-	-
Payables*	-	-	-	-
Total financial liabilities	-	-	-	-
Net exposure to cash flow interest rate risk	-	-	-	-

* Trade and other receivables and payables all mature in less than one year.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2021

B. CREDIT RISK

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause the Company to make a financial loss. The Company has exposure to credit risk on all financial assets included in the Company's Statement of Financial Position. To help manage this risk, the Company:

- has a policy for establishing credit limits for the entities it deals with; and
- manages exposures to individual entities it transacts with (through a system of credit limits).

Financial institutions and cash deposits

The Company has policies that limit the amount of credit exposure to any financial institution. Cash transactions are limited to financial institutions that meet minimum credit rating criteria in accordance with the Company's policy requirements. At 30 June 2021 counterparty credit risk was limited to financial institutions with S&P credit ratings ranging from "AA-" to "A".

C. LIQUIDITY RISK

Liquidity risk is the risk that the Company cannot meet its financial commitments as and when they fall due.

To help reduce this risk the Company:

- has readily accessible funding arrangements in place; and
- staggers maturities of financial instruments.

D. FAIR VALUE

The carrying amounts and fair values of financial assets and liabilities at the reporting date are materially the same.

3. Equity

	30 JUNE 2021 \$	30 JUNE 2020 \$
Ordinary		
5,359,750 ordinary shares authorised and fully paid (2020: 4,984,750)	5,359,750	4,984,750
Total at end of the financial period	5,359,750	4,984,750

Reconciliations

Movements for each class of contributed equity, by number of shares and dollar value, are set out below:

	30 JUNE 2021 NO. OF SHARES	30 JUNE 2020 NO. OF SHARES	30 JUNE 2021 \$	30 JUNE 2020 \$
ORDINARY SHARES				
Balance at beginning of the financial period	4,984,750	3,821,000	4,984,750	3,821,000
Shares issued to shareholders	375,000	1,163,750	375,000	1,163,750
Balance at end of the financial period	5,359,750	4,984,750	5,359,750	4,984,750

Accounting Policy

i. Ordinary shares

Ordinary shares are classified as equity and entitle the holder to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person, or by proxy, at a meeting of the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2021

ii. Incremental costs

Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a reduction from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

4. Events Subsequent to Reporting Date

There were no events that have occurred after the end of the period that would materially affect the reported results or would require disclosure in this report.

5. Related Parties and Entities

A. Key Management Personnel

No Directors of the Company entered into transactions during the period with the Company which:

- occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the Director or Director-related entity at arm's length in the same circumstances;
- do not have the potential to adversely affect decisions about the allocation of scarce resources or discharge the responsibility of the Directors; or
- are minor or domestic in nature.

B. Transactions with Related Parties

The following transactions occurred with related parties on normal market terms and conditions:

	SALES TO RELATED PARTIES \$	PURCHASES FROM RELATED PARTIES \$	AMOUNTS OWED BY RELATED PARTIES \$	AMOUNTS OWED TO RELATED PARTIES \$
30 June 2021	-	-	110,000	-
30 June 2020	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2021

6. Taxation

Income tax expense is reconciled to prima facie income tax payable as follows:

	30 JUNE 2021	30 JUNE 2020
	\$	\$
Net profit before income tax expense	-	-
Prima facie income tax at 30% (2020: 30%)	-	-
Tax effect of differences:		
Adjustments in respect of current income tax of previous years	-	-
Non-assessable income	-	-
Non-deductible expenditure	-	-
Income tax expense	-	-

The major components of income tax expense in the income statement are:

Current income tax expense	-	-
Deferred income tax (benefit)	-	-
Income tax expense in the income statement	-	-

Accounting Policy

Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate for Australia adjusted by changes in deferred tax assets and liabilities attributed to temporary differences and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity. Deferred tax items that are recognised outside the profit and loss are recognised in relation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable group and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2021

7. Cash and cash equivalents

A. RECONCILIATION OF NET PROFIT AFTER INCOME TAX EXPENSE TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	30 JUNE 2021	30 JUNE 2020
	\$	\$
Net (loss)/profit for the period	-	-
Non-cash items		
Depreciation and amortisation	-	-
Impairment of intangibles and investments	-	-
Other non-operating (expenses)/income	-	-
Decrease/(increase) in operating assets and liabilities		
Trade receivables	-	-
Other receivables	-	-
Payables	-	-
Provisions	-	-
Net cash inflow from operating activities	-	-

B. RECONCILIATION OF CASH AND CASH EQUIVALENTS

Reconciliation of cash at end of the financial period (as shown in the Cash Flow Statement) to the related items in the financial statements is as follows:

Cash on hand and at bank	-	-
Total cash at end of the financial period	-	-

Accounting Policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term investments with original maturities of three months or less that are readily convertible to cash and subject to insignificant risk of changes in value.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Homely Group (Round Two) Pty Ltd (the Company), we state that:

- 1) In the opinion of the Directors:
 - a) the financial statements and notes of the Company, as set out on pages 3 to 12, are in accordance with the *Corporations Act 2001* (Cth) including:
 - i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the period ended on that date; and
 - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001* (Cth);
 - b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1;
 - c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
 - d) as at the date of this declaration, there are reasonable grounds to believe that the Company will be able to meet any obligations or liabilities to which they are or may become subject to.

On behalf of the Board



Jason Spencer

Director

19 November 2021

COMPILATION REPORT

To: **HOMELY GROUP (ROUND TWO) PTY LTD**

We have compiled the accompanying general purpose financial statements of Homely Group (Round Two) Pty Ltd ("the Company"), which comprise the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the general purpose financial statements have been prepared is to comply with a request from the Directors of the Company to provide them with a set of financial statements generally complying with Australian Accounting Standards.

The Responsibility of Senior Executives

The Senior Executives of Homely Group (Round Two) Pty Ltd are solely responsible for the information contained in the general purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the basis of accounting used is 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 Senior Executives we have compiled the accompanying general purpose financial statements in accordance with the basis of accounting 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 basis of accounting as 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 general purpose financial statements were compiled exclusively for the benefit of the Directors of the Company and the Senior Executives who are responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept any responsibility for the contents of the general purpose financial statements.

Independence

We are not independent of Homely Group (Round Two) Pty Ltd because we have a substantial ultimate beneficial interest in the assets and undertaking of the Company.



R V Spencer FCA

Chartered Accountant

19 November 2021