

Techni Works Pty Ltd

ACN 062 517 060

Consolidated Annual Report - 30 June 2015

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General information

The financial statements cover the consolidated entity of Techni Works Pty Limited (parent company) and Techniworks Action Learning Pty Limited (subsidiary). The financial statements are presented in Australian dollars, which is Techni Works Pty Limited's functional and presentation currency.

Techni Works Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 11
1 York Street
Sydney NSW 2000

Principal place of business

Unit 20
2 Gravillea Street
Tanah Merah QLD 4128

A description of the nature of the consolidated entity's operations and its principal activities are included in the director's report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of director, on 27 January 2017. The director has the power to amend and reissue the financial statements.

Techni Works Pty Limited
Director's report
30 June 2015

The director presents this report, together with the financial statements, on the consolidated entity for the year ended 30 June 2015.

Directors

The following persons were directors of the consolidated entity during the whole of the financial year and up to the date of this report, unless otherwise stated:

Gerard Bysterveldt (Resigned 07/10/2016)
Jeannette Bysterveldt (Resigned 01/07/2015)
Nonnie Bysterveldt (Appointed 01/07/2015, Resigned 25/08/2016)
Suwati Lowth (Appointed 01/07/2015, Resigned 07/10/2016)
Trevor Lonstein (Appointed 07/10/2016)

Principal activities

During the financial year, the principal continuing activities of the consolidated entity consisted of delivering cloud-based online elearning solutions to organisations.

Dividends

Dividends paid during the financial year were as follows:

	2015 \$	2014 \$
Final dividend for the year ended 30 June 2015 of \$150,000 (2014: \$172,500) per ordinary share	<u>300,000</u>	<u>345,000</u>

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$271,639 (30 June 2014: \$299,230).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity.

Matters subsequent to the end of the financial year

On 7th October 2016 Elmo Learning Services Pty Ltd acquired 100% of the consolidated entity Techni Works Pty Ltd and Techniworks Action learning Pty Ltd.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the director believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Techni Works Pty Limited
Directors' report
30 June 2015

Shares under option

There were no unissued ordinary shares of the consolidated entity under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the consolidated entity issued on the exercise of options during the year ended 30 June 2015 and up to the date of this report.

Indemnity and insurance of officers

The consolidated entity has indemnified the director and executives of the consolidated entity for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the consolidated entity paid a premium in respect of a contract to insure the director and executives of the consolidated entity against a liability to the extent permitted.

Indemnity and insurance of auditor

The consolidated entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the consolidated entity or any related entity against a liability incurred by the auditor.

During the financial year, the consolidated entity has not paid a premium in respect of a contract to insure the auditor of the consolidated entity or any related entity.

Auditor's independence declaration

A copy of the auditor's independence declaration is set out on the following page.

This report is made in accordance with a resolution of director.

Signed on behalf of the director



Trevor Lonstein
Director

27 January 2017
Sydney

TECHNI WORKS PTY LTD

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF TECHNI WORKS PTY LTD**

As auditor for the audit of Techni Works Pty Ltd for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

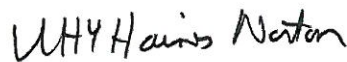
- (i) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Techni Works Pty Ltd and the entities it controlled during the year.



Mark Nicholaeff
Partner

Date: 27 January 2017
Sydney



UHY Haines Norton
Chartered Accountants

Techni Works Pty Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue	3	1,440,781	1,603,994
Expenses			
Computer expenses		(62,586)	(47,415)
Employee benefits expense		(715,231)	(708,482)
Depreciation and amortisation expense	4	(16,238)	(32,398)
Intangibles write off		-	(19,813)
Loss on disposal of assets		-	(11,355)
Rent expenses	4	(59,958)	(58,486)
Telephone expenses		(25,058)	(35,435)
Travel expenses		(81,541)	(57,333)
Finance costs		(3,537)	-
Other expenses		(80,213)	(96,147)
Profit before income tax expense		396,419	537,130
Income tax expense	5	124,780	237,900
Profit after income tax expense for the year attributable to the owners of Techni Works Pty Limited		271,639	299,230
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Techni Works Pty Limited		<u>271,639</u>	<u>299,230</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Techni Works Pty Limited
Statement of financial position
As at 30 June 2015

	Note	2015	2014
		\$	\$
Assets			
Current assets			
Cash	6a	175,358	41,396
Trade and other receivables	7	198,706	274,927
Total current assets		<u>374,064</u>	<u>316,323</u>
Non-current assets			
Deferred tax assets	8	191,325	184,164
Property and equipment	9	41,353	25,076
Intangibles	10	-	-
Other non-current assets	11	216,786	486,716
Total non-current assets		<u>449,464</u>	<u>695,956</u>
Total assets		<u>823,528</u>	<u>1,012,279</u>
Liabilities			
Current liabilities			
Bank overdraft	6b	-	33,921
Other payables	12	65,376	113,863
Employee benefits	13	73,725	67,646
Provision for income tax		99,076	132,835
Income in advance	14	733,982	784,284
Total current liabilities		<u>972,159</u>	<u>1,132,549</u>
Total liabilities		<u>972,159</u>	<u>1,132,549</u>
Net liabilities		<u>(148,631)</u>	<u>(120,270)</u>
Equity			
Issued capital	15	2	2
Accumulated losses	16	(148,633)	(120,272)
Total deficit		<u>(148,631)</u>	<u>(120,270)</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Techni Works Pty Limited
Statement of changes in equity
For the year ended 30 June 2015

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2013	2	(74,502)	(74,500)
Profit after income tax expense for the year	-	299,230	299,230
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	299,230	299,230
<i>Transactions with owners in their capacity as owners:</i>			
Dividends paid	-	(345,000)	(345,000)
Balance at 30 June 2014	2	(120,272)	(120,270)

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2014	2	(120,272)	(120,270)
Profit after income tax expense for the year	-	271,639	271,639
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	271,639	271,639
<i>Transactions with owners in their capacity as owners:</i>			
Dividends paid	-	(300,000)	(300,000)
Balance at 30 June 2015	2	(148,633)	(148,631)

The above statement of changes in equity should be read in conjunction with the accompanying notes

Techni Works Pty Limited
Statement of cash flows
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,601,932	1,611,346
Payments to suppliers and employees (inclusive of GST)		<u>(1,206,189)</u>	<u>(1,155,891)</u>
		395,743	455,455
Interest received		4,432	6
Finance costs		(3,537)	-
Income taxes paid		<u>(165,700)</u>	<u>(2,817)</u>
Net cash from operating activities	22	<u>230,938</u>	<u>452,644</u>
Cash flows from investing activities			
Proceeds for property and equipment		-	39,066
Payments for property and equipment		(32,515)	
Repayments/(advances) of loans from/(to) related parties		<u>269,460</u>	<u>(205,555)</u>
Net cash from/(used in) investing activities		<u>236,945</u>	<u>(166,489)</u>
Cash flows from financing activities			
Dividends paid		(300,000)	(345,000)
Repayments of loans from unrelated parties		<u>-</u>	<u>191,971</u>
Net cash used in financing activities		<u>(300,000)</u>	<u>(153,029)</u>
Net increase in cash and cash equivalents		167,883	133,126
Cash and cash equivalents at the beginning of the financial year		<u>7,475</u>	<u>(125,651)</u>
Cash and cash equivalents at the end of the financial year	6a, 6b	<u><u>175,358</u></u>	<u><u>7,475</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

In the director's opinion, the consolidated entity is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the owners of Techni Works Pty Limited. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Techni Works Pty Limited.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') 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', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Parent entity information

These financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 18.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Techni Works Pty Limited ('company' or 'parent entity') as at 30 June 2015 and the results of its subsidiary for the year then ended. Techni Works Pty Limited and its subsidiary together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Note 1. Significant accounting policies (continued)

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services

Services revenue is predominantly from recurring revenues associated with the cloud-based online elearning courses and elearning software solutions. The agreements with clients do not include general rights of return and do not provide clients with the right to take possession of the software supporting the services being provided. As such, revenue is recognised in equal monthly amounts over the life of the agreement, usually a 1-year term, when all of the following criteria are achieved:

- There is persuasive evidence of an agreement;
- The service has been provided to the client;
- Collection of the fees is reasonably assured; and
- The amount of fees to be paid by the client is fixed or determinable.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liabilities in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

Note 1. Significant accounting policies (continued)

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

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

Trade and other receivables

Trade receivables are recognised at amortised cost less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables are recognised at cost less any provision for impairment.

Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property and equipment (excluding land) over their expected useful lives as follows:

Property and equipment	3-7 years
Motor vehicles	6-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Note 1. Significant accounting policies (continued)

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Investments and other financial assets

Classification

The consolidated entity classifies its financial assets in the following category:

- Loans and receivables.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the consolidated entity commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Measurement

At initial recognition, the consolidated entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Impairment

The consolidated entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Note 1. Significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 1. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adoption

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Revenue

	2015 \$	2014 \$
<i>Sales revenue</i>		
Rendering of services	1,436,349	1,595,202
	<u>1,436,349</u>	<u>1,595,202</u>
<i>Other revenue</i>		
Interest	4,432	6
Employee contributions	-	8,704
Other	-	82
	<u>4,432</u>	<u>8,792</u>
Revenue	<u>1,440,781</u>	<u>1,603,994</u>

Techni Works Pty Limited
Notes to the financial statements
30 June 2014

Note 4. Expenses

	2015 \$	2014 \$
Profit before income tax includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Property and equipment	16,238	27,446
Software development	-	4,952
Total depreciation and amortisation	<u>16,238</u>	<u>32,398</u>
Rental expense relating to operating leases		
<i>Minimum lease payments</i>	<u>59,958</u>	<u>58,486</u>
<i>Superannuation expense</i>	<u>60,498</u>	<u>59,804</u>

Note 5. Income tax expense

	2015 \$	2014 \$
Reconciliation of income tax to accounting profit:		
Prima facie tax payable on profit from ordinary activities before income tax at 30%	118,926	161,139
Tax effect of amounts which are not deductible (taxable) in calculating income tax:		
Other taxable income not reflected in accounts	-	83,282
Other non-deductible/unrecognised temporary differences	<u>5,854</u>	<u>(6,521)</u>
Income tax expense attributable to the consolidated entity	<u>124,780</u>	<u>237,900</u>

Note 6a. Current assets - cash

	2015 \$	2014 \$
Cash at bank	<u>175,358</u>	<u>41,396</u>

Note 6b. Current liabilities – bank overdraft

	2015 \$	2014 \$
Bank overdraft	<u>-</u>	<u>33,921</u>
Net cash and cash equivalents	<u>175,358</u>	<u>7,475</u>

Techni Works Pty Limited
Notes to the financial statements
30 June 2015

Note 7. Current assets - trade and other receivables

	2015	2014
	\$	\$
Trade receivables	198,704	269,971
Prepayments	-	4,954
Other receivables	2	2
	<u>198,706</u>	<u>274,927</u>

Note 8. Non-current assets - deferred tax assets

	2015	2014
	\$	\$
Deferred tax assets expected to be utilised within 12 months	184,426	175,953
Deferred tax assets expected to be utilised in more than 12 months	<u>6,899</u>	<u>8,211</u>
Total deferred tax assets	<u>191,325</u>	<u>184,164</u>

Note 9. Non-current assets - property and equipment

	2015	2014
	\$	\$
Property and equipment - at cost	134,375	101,860
Less: Accumulated depreciation	<u>(93,022)</u>	<u>(76,784)</u>
	<u>41,353</u>	<u>25,076</u>

Note 10. Non-current assets - intangibles

	2015	2014
	\$	\$
Intangibles	-	327,643
Less: Accumulated amortisation	<u>-</u>	<u>(327,643)</u>
	<u>-</u>	<u>-</u>

Note 11. Other non-current assets

	2015	2014
	\$	\$
Lease bond	12,690	12,690
Loan – Kembali Trust	-	164,900
Preliminary expenses	1,880	2,350
Loans to directors and associates	<u>202,216</u>	<u>306,776</u>
	<u>216,786</u>	<u>486,716</u>

Note 12. Current liabilities - other payables

	2015	2014
	\$	\$
Other payables	<u>65,376</u>	<u>113,863</u>

Techni Works Pty Limited
Notes to the financial statements
30 June 2015

Note 13. Current liabilities - employee benefits

	2015 \$	2014 \$
Employee benefits	<u>73,725</u>	<u>67,646</u>

Note 14. Current liabilities – income in advance

	2015 \$	2014 \$
Income in advance	<u>733,982</u>	<u>784,284</u>

Note 15. Equity - issued capital

	2015 Shares	2014 Shares	2015 \$	2014 \$
Ordinary shares - fully paid	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the consolidated entity in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the consolidated entity does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 16. Equity – accumulated losses

	2015 \$	2014 \$
Accumulated losses at the beginning of the financial year	(120,272)	(74,502)
Profit after income tax expense for the year	271,639	299,230
Dividends declared	<u>(300,000)</u>	<u>(345,000)</u>
Accumulated losses at the end of the financial year	<u>(148,633)</u>	<u>(120,272)</u>

Techni Works Pty Limited
Notes to the financial statements
30 June 2015

Note 17. Equity – dividends

Dividends

Dividends paid during the financial year were as follows:

	2015 \$	2014 \$
Final dividend for the year ended 30 June 2015 (2014: 30 June 2014) of \$150,000 (2014: \$172,500) per ordinary share	300,000	345,000

Franking credits

	2015 \$	2014 \$
Franking credits available for subsequent financial years based on a tax rate of 30%	182,800	57,576

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 18. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	2015 \$	2014 \$
Profit after income tax	67,725	259,685
Total comprehensive income	67,725	295,685

Statement of financial position

	2015 \$	2014 \$
Total current assets	1,390	4,477
Total assets	94,246	409,970
Total current liabilities	-	83,449
Total liabilities	-	83,449
Equity		
Issued capital	2	2
Retained earnings	94,244	326,519
Total equity	94,246	326,521

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for investments in subsidiaries that are shown at cost.

Note 19. Contingent liabilities

The consolidated entity had no contingent liabilities as at 30 June 2015 and 30 June 2014.

Note 20. Commitments for expenditure

Non-cancellable operating leases contracted for but not capitalised in the financial statements;

	2015 \$	2014 \$
<i>Lease payments:</i>		
- not later than 12 months	54,736	59,579
- between 12 months and 5 years	-	54,736
Total lease commitments	<u>54,736</u>	<u>114,315</u>

Note 21. Events after the reporting period

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years, except for the sale of 100% of the shares in Techni Works Pty Ltd on 7 October 2016.

Note 22. Reconciliation of profit after income tax to net cash from operating activities

	2015 \$	2014 \$
Profit after income tax expense for the year	271,639	299,230
Adjustments for:		
Depreciation and amortisation expense	16,238	32,398
Intangibles write off	-	19,813
Loss on disposal of assets	-	11,355
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	71,267	(12,556)
Decrease/(increase) in prepayments	4,954	(4,954)
Decrease in preliminary expenses	470	-
(Decrease)/increase in other payables	(48,487)	18,259
(Decrease)/increase in income tax payable	(33,759)	187,561
(Increase)/decrease in deferred tax assets	(7,161)	47,522
Increase in employee benefits	6,079	452
Decrease in income in advance	(50,302)	(146,436)
Net cash from operating activities	<u>230,938</u>	<u>452,644</u>

Note 23. Interests in a subsidiary

Name	Principal place of business/ Country of incorporation	Ownership interest	
		2015 %	2014 %
Techniworks Action Learning Pty Limited	Australia	100%	100%

Techni Works Pty Limited
Director's declaration
30 June 2015

As described in the basis of preparation accounting policy included in note 1 to the financial statements, the company is not a reporting entity and these are special purpose financial statements.

The directors of the company declare that the financial statements and notes:

- (a) comply with the accounting policies as detailed in note 1 to the financial statements; and
- (b) give a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date.

In the directors opinion:

- (c) the financial statements and notes are in accordance with the company's constitution; and
- (d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the directors



Trevor Lonstein
Director

27 January 2017
Sydney

INDEPENDENT AUDITOR'S REPORT

To the members of Techni Works Pty Ltd and controlled entities

We have audited the accompanying financial report of Techni Works Pty Ltd and controlled entities (the 'Company'), being a special purpose financial report, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration for the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Director's Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

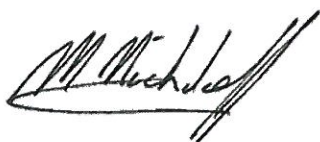
In conducting our audit, we complied with the independence requirements of the Australian professional and ethical standards board.

Opinion

In our opinion, the financial report of Techni Works Pty Ltd and controlled entities presents fairly, in all material respects, the consolidated entity's financial position as at 30 June 2015, and its financial performance and its cash flows for the year then ended in accordance with the basis of preparation described in Note 1 to the financial report.

Basis of Accounting and Limited Distribution and Use

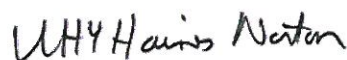
Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist Techni Works Pty Ltd and controlled entities to meet the requirements of the members. As a result, the financial report may not be suitable for any other purpose. This report is intended solely for the members of Techni Works Pty Ltd.



Mark Nicholaeff

Partner

Signed in Sydney on the 27 January 2017



UHY Haines Norton

Chartered Accountants