

**AUSTRALIAN CYBER SECURITY GROWTH NETWORK LIMITED**

**A.B.N 73 616 231 451  
FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2021**

**Liability limited by a scheme approved under  
Professional Standards Legislation**

**AUSTRALIAN CYBER SECURITY GROWTH NETWORK LIMITED**  
**A.B.N 73 616 231 451**

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**AUSTRALIAN CYBER SECURITY GROWTH NETWORK LIMITED**  
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**Directors' Report**

The directors present their report on the company for the financial year ended 30 June 2021.

**Directors**

The names of each person who has been a director during the year and to the date of this report are:

- Mr Douglas Thorne Elix AO
- Mr Adrian John Turner
- Ms Michelle Clare Price
- Ms Heather May Ridout AO
- Ms Rachel Falk, retired 15 October 2020
- Mr Edward Sheehy, appointed 15 October 2020
- Mr Alexander Scandurra, appointed 22 February 2021; retired 19 August 2021.

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

**Principal Activities**

The Australian Cyber Security Growth Network Limited (AustCyber) supports the development of a vibrant and globally competitive Australian cyber security industry enhancing Australia's future economic growth and helps protect Australia's interests online.

No significant change in the nature of the company's activity occurred during the financial year other than a change in the company's structure. AustCyber merged with Stone and Chalk Limited, through a Deed of Integration executed on 5 February 2021. Under this Deed, AustCyber became a wholly controlled subsidiary of Stone and Chalk Limited whereby AustCyber's previous Members, abovenamed Mr Elix and Mr Turner, resigned and Stone and Chalk Limited became the sole Member with the Member holding a supermajority voting right.

**Objectives**

The company's primary objective is to support the development of a vibrant and globally competitive Australian cyber security industry that enhances Australia's future economic growth and helps protect Australia's interests online.

**Strategies**

- Demonstrate leadership and coherence
  - o Create a national cyber security narrative and ensure cohesion across national cyber security programmes, leading to accelerated industry investment and more rapid scaling.
- Drive industry collaboration and coordination
  - o Enable connectivity and information flow to promote high levels of collaboration for the industry. This will reduce wasteful duplication and therefore allow better leverage of resources and create increased productivity.
- Accelerate commercialisation
  - o Accelerate the creation and adoption of Australian based cyber security products, services and best practices, domestically, regionally and globally.
- Facilitate talent growth
  - o Rapidly build the quantity and professionalism of Australia's cyber security workforce to become globally competitive and respected.
- Pursue policy advocacy and reform
  - o Proactively recommend and support policy and regulatory reforms aimed specifically at the cyber security sector to foster an environment in which innovation and entrepreneurship can thrive.

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**Information on Directors**

**Mr Douglas Thorne Elix AO**

Position: Co-Chair

**Experience:**

Doug Elix retired from IBM in July 2008. From May 2004 to April 2008, he was senior vice president and group executive for IBM's worldwide sales and distribution operations, including revenue, profit and customer satisfaction in the 170 countries where IBM does business. In this role he led IBM's direct sales force, business partners and ibm.com channels, which accounted for worldwide sales of all IBM products and services of some \$95 billion.

Mr Elix was named to that position in May 2004, after serving as senior vice president and group executive for IBM Global Services beginning in October 1999. In that role, he was responsible for the worldwide operation of IBM Global Services, the world's leading business and information technology services provider with approximately 170,000 professionals. IBM Global Services, which had grown annual revenues to \$43 billion in 2003, included IBM Business Consulting Services, the business unit formed through the combination of PwC Consulting and IBM's Business Innovation Services unit. By integrating IBM's broad range of capabilities in services, consulting, hardware, software and research, IBM Global Services helps companies of all sizes improve business performance through information technology. IBM Global Services today comprises Global Business Services (GBS) and Global Technology Services (GTS) with combined 2015 revenues of \$49 billion.

In July 1998, Mr Elix was named general manager, IBM Global Services, Americas, an organisation covering the US, Canada and Latin America. Prior to that, he was general manager, IBM Global Services, North America, beginning in December 1996. Earlier that year, he was appointed president and chief executive officer of Integrated Systems Solutions Corp. (ISSC), a wholly owned services subsidiary of IBM.

In 1994, he was named chief executive officer, IBM Australia Ltd, having been director of operations for IBM Australia/New Zealand since 1991. He was named director of the finance industry for IBM Asia Pacific in 1990. Since joining IBM in 1969, Mr Elix has held a broad range of positions in systems engineering, marketing, marketing management and general management in Australia and Asia/Pacific prior to his transfer to the US in 1996.

He has served on the Boards of IBM Australia Limited, the Australian Information Industries Association and the Australian Institute of Management. He was also a member of the Business Council of Australia, and a member of the Prime Minister's National Information Services Council (NISC). He was the leader of the IBM Corporate Operating Team and a member of the IBM Performance Team. He was a member of the Board of directors of the Royal Bank of Canada for 10 years until his retirement in March 2011.

Mr Elix is Chairman of the Board of the Australian Independent Schools USA Foundation, a member of the Advisory Committee of The Australian Centre of Excellence for Quantum Computation & Communication Technology, and a member of the Board of The Queen Elizabeth II September 11th Garden in New York.

In June 2006, Mr Elix was awarded the rank of Officer of the Order of Australia (AO) for his service to the information technology and services industry internationally, to the business sector through facilitating the introduction of world's best technology in many companies, and as a mentor to industry professionals.

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**Mr Adrian John Turner**

Position: Co-Chair

Experience:

Adrian is an experienced corporate leader and has a strong track record of building innovative companies and organisations that tackle complex challenges.

At Minderoo Foundation, Adrian is CEO of the Fire Fund Initiative which was established in January 2020 with a \$70 million commitment from Andrew and Nicola Forrest. The collaborative initiative aims to see Australia become a global leader in fire and flood resilience by 2025. The initiative is also working with communities to help them respond and recover from the devastating 2019-20 Black Summer bushfires.

Prior to joining the Minderoo Foundation, Adrian was the founding CEO of CSIRO's Data61, the data and digital specialist arm of Australia's national science agency.

He previously spent 18 years in Silicon Valley and was the co-founder of Borondi Group, co-founder and CEO of Mocana Corporation, had profit and loss responsibility for Philips Electronics connected devices infrastructure and was Chairman of the Board for Australia's expat network, Advance.org.

Adrian is an avid reader and writer with deep interests in AI, data economics and biosecurity, as well being an artist. He graduated from UTS and completed the Executive Program for Managing Growth Companies at Stanford University and authored the book BlueSky Mining - Building Australia's Next Billion Dollar Industries.

**Ms Michelle Price**

Position: Director, Chief Executive Officer

Experience:

Michelle Price is the CEO for AustCyber. She was the inaugural Chief Operating Officer of AustCyber, joining the company in January 2017 and appointed as CEO in April 2018. Prior to joining AustCyber, Michelle was the first Senior Advisor for Cyber Security at the National Security College within The Australian National University, where she established an integrated approach to the College's cyber security program across executive and postgraduate education and policy engagement.

Before joining the ANU, Michelle was with the Australian Government Department of the Prime Minister and Cabinet (PM&C), where she was instrumental to the delivery of the Australian Government's 2015 Cyber Security Review and Cyber Security Strategy. In a previous role at PM&C, Michelle delivered the National Security Strategic Risk Framework (the first of its kind in the world) and Coordinated National Security Budget. Prior to PM&C, Michelle worked in several strategy and risk roles across Government, having moved to the public service from the communication and media sector and the food safety segment of Australia's food manufacturing sector.

Additional Responsibilities:

Acting Company Secretary

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**Ms Heather May Ridout AO**

Position: Director

Experience:

Heather Ridout is a company director with a long history as a leading figure in the public policy debate in Australia. Heather is the immediate past Chair of AustralianSuper – the largest industry fund in Australia; a Director of ASX Ltd; Director of Image Networks Holdings Pty Ltd and a Director of Sims Metal Management – the world's largest publicly listed recycling company. Her other appointments include member of the Boards of the Australian Chamber Orchestra and the Advance Australia Advisory Board.

Up until 30 April 2012, Heather was Chief Executive of the Australian Industry Group – a major, national employer organisation representing a cross section of industry including manufacturing, defence, ICT and labour hire. Her previous appointments include: member of the Reserve Bank Board; member of the Henry Tax Review panel; board member of Infrastructure Australia; member of the Business Roundtable on Climate Change; member of the National Workplace Relations Consultative Committee; member of the Prime Minister's Taskforce on Manufacturing; co-Chair of the Australian-Canada Economic Leadership Dialogue and a delegate to the B20 which is the key business advisory body to the G20.

In June 2013, Ms Ridout was awarded the rank of Officer of the Order of Australia (AO) in the general division for distinguished service to business and industry through significant contributions to the development of economic and public policy.

**Ms Rachael Falk**

Position: Director (retired 15 October 2021)

Experience:

As Chief Executive Officer of the Cyber Security Cooperative Research Centre, Rachael leads a cutting-edge program of cyber security research collaboration between government, industry and research institutions. The aim is impact, lifting Australia's cyber security capacity and capability and creating innovative solutions for the ever-evolving problems of our interconnected world.

Rachael was Telstra's first General Manager of Cyber Influence and has a background in commercial law and cyber security, practising as a lawyer at top-tier firms in Australia and the UK and in-house for Telstra.

She holds an Advanced Masters in National Security Policy (Hons) from the National Security College (ANU), Bachelor of Laws (Hons) (UTS) and Bachelor of Arts (ANU).

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**Mr Edward Sheehy**

Position: Director (appointed 15 October 2020)

Experience:

Eddie is a tech entrepreneur, investor and non-executive director with a significant interest in early stage cyber security technology companies. He helps and mentors founders and CEOs who have ambitions to rapidly grow their ideas or companies.

From 2006-2017 as co-founder and CEO, he oversaw the commercialisation and global expansion of Nuix Pty Ltd, from two developers to a profitable \$100+ million business. Eddie has been a mentor in the Cyrise accelerator program since 2017 and is on a number of tech company boards, including one of Australia's most successful cyber security companies, Secure Code Warrior. Eddie is passionate about securing Australia's future through growing local cyber security capabilities and ensuring founders retain control of their business as it grows.

**Mr Alexander Scandurra**

Position: Director (appointed 22 February 2021; retired 19 August 2021)

Experience:

Alex has a strong track record in bringing a business to life. After serving nine years in the Australian Army, leaving in the rank of Captain, he has worked in senior roles across the construction and financial services industries, in Australia and across the Middle East and United Kingdom. Most recently, he was instrumental in establishing Stone & Chalk Limited in 2015 as its inaugural CEO. He is also a mentor, board member and angel investor spanning all growth models from startups to scaleups and from corporate to government.

Alex is the Co-Founder and a founding Director of Fintech Australia, Co-Founder and Co-Chair of the Spark Festival and Non-Executive Director of Redkite. He was the Inaugural Member of ASIC's Digital Finance Advisory Board as well as that for the NSW Government's Digital Analytics Centre Advisory Board.

Additional Responsibilities:

Member's representative

**Key Performance Measures**

The company measures its own performance through the use of both quantitative and qualitative benchmarks, that include meeting key milestone deliverable articulated in the funding agreement between the company and the Commonwealth. The benchmarks are used by the directors and the Commonwealth to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

For 2021, the measures related to the company delivering: quarterly financial reports, a 2020-21 Annual Report, and annual 2020 update to the Cyber Security Sector Competitiveness Plan and a Business Plan for the 2020-21 Financial Year.

The delivery of these key milestones was achieved for the reporting period.

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**Meetings of Directors**

During the financial year, five meetings of directors were held: 22 July 2020, 15 October 2020, 28 January 2021, 22 February 2021 (AGM) and 23 April 2021. Attendances by each director were as follows:

	<b>Eligible to attend</b>	<b>Attended</b>
Mr Douglas Thorne Elix AO	5	5
Mr Adrian John Turner	5	5
Ms Michelle Clare Price	5	5
Ms Heather May Ridout AO	5	5
Ms Rachel Falk	2	2
Mr Edward Sheehy	4	3
Mr Alexander Scandurra	2	2

**Financial impact of COVID-19**

AustCyber has determined there are no going concern risks arising from the impact of the COVID-19 pandemic. The Directors have determined the company remains in a healthy financial position.

It is not possible to reliably estimate the duration and severity of the impact of COVID-19, as well as the impact on the financial position and results of Australian Cyber Security Growth Network Limited for future periods. However, based on analysis of the financial performance and position the financial statements have been prepared on a going concern basis. Australian Cyber Security Growth Network Limited believes at this point in time that there is no significant doubt about Australian Cyber Security Growth Network Limited's ability to continue as a going concern.

**Contributions on Winding up**

In the event of the company being wound up, ordinary members are required to contribute a maximum of \$10 each. Honorary members are not required to contribute. The total amount that members of the company are liable to contribute if the company is wound up is \$10 based on one member.

**Auditors' Independence Declaration**

The lead auditors' independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2021 has been received and can be found on page 9.

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

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Director: Mr Douglas Elix AO

Dated this      day of

## **AUDITORS' INDEPENDENCE DECLARATION**

**AUSTRALIAN CYBER SECURITY GROWTH NETWORK LIMITED**  
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>Income</b>			
Grant revenue		9,713,813	5,447,285
Other revenue		194,584	143,767
<b>Total Revenue</b>	3	9,908,397	5,591,052
<b>Expenditure</b>			
Accountancy expenses		(100,015)	(61,925)
Advertising expenses		(903,627)	(594,181)
Auditors' remuneration	4	(18,031)	(15,500)
Depreciation and amortisation expenses		(58,931)	(65,855)
Employee benefits expenses		(2,514,731)	(1,938,866)
Finance costs		(2,324)	(1,952)
Grant and project funding expenses		(4,992,776)	(1,867,102)
Professional and consultancy expenses		(697,404)	(578,178)
Subscriptions, reference & licenses expenses		(146,580)	(80,720)
Training expenses		(61,674)	(30,594)
Travel expenses		(163,272)	(210,712)
Other expenses		(242,716)	(145,467)
<b>Profit for the year</b>	5	-	-
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		-	-

The accompanying notes form part of these financial statements.

**AUSTRALIAN CYBER SECURITY GROWTH NETWORK LIMITED**

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**STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	7,832,048	11,565,691
Trade and other receivables	7	134,264	205,000
Other current assets	8	175,777	189,577
Right of use asset	9	54,384	18,293
<b>TOTAL CURRENT ASSETS</b>		<b>8,196,474</b>	<b>11,978,561</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	34,066	33,532
<b>TOTAL NON-CURRENT ASSETS</b>		<b>34,066</b>	<b>33,532</b>
<b>TOTAL ASSETS</b>		<b>8,230,540</b>	<b>12,012,093</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	600,479	523,132
Lease liabilities	13	55,317	16,064
Employee benefits		107,327	104,166
Provisions	14	-	10,000
Deferred revenue		7,467,417	11,358,730
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,230,540</b>	<b>12,012,093</b>
<b>TOTAL LIABILITIES</b>		<b>8,230,540</b>	<b>12,012,093</b>
<b>NET ASSETS</b>		<b>-</b>	<b>-</b>
<b>EQUITY</b>			
<b>TOTAL EQUITY</b>		<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements.

**AUSTRALIAN CYBER SECURITY GROWTH NETWORK LIMITED**  
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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Retained Surplus</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 01 July 2019</b>		
Surplus for the period	-	-
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<hr/>	<hr/>
<b>attributable to members of the</b>		
<b>entity for the year</b>	-	-
<b>Balance at 30 June 2020</b>	<hr/>	<hr/>
<b>Balance at 01 July 2020</b>	-	-
Surplus for the year	-	-
Other comprehensive income		
<b>Total comprehensive income</b>	<hr/>	<hr/>
<b>attributable to members of the entity</b>		
<b>for the year</b>	-	-
<b>Balance at 30 June 2021</b>	<hr/>	<hr/>

The accompanying notes form part of these financial statements.

**AUSTRALIAN CYBER SECURITY GROWTH NETWORK LIMITED**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts of grants		9,784,190	9,866,924
Receipts from customers		143,768	77,212
Payments to suppliers and employees		(13,653,789)	(6,475,040)
Interest received/(paid)		575	(171)
Interest paid on lease liability		(2,324)	(1,895)
Other Income		50,240	59,960
<b>Net cash (used in)/provided by operating activities</b>	11	(3,677,339)	3,526,990
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(15,998)	(12,771)
<b>Net cash used in investing activities</b>		(15,998)	(12,771)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liability		(40,306)	(47,108)
<b>Net cash used in financing activities</b>		(40,306)	(47,108)
Net (decrease)/increase in cash held		(3,733,643)	3,467,111
Cash at beginning of financial year		11,565,691	8,098,580
<b>Cash at end of financial year</b>	6	7,832,048	11,565,691

The accompanying notes form part of these financial statements.

**AUSTRALIAN CYBER SECURITY GROWTH NETWORK LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

The financial reports cover Australian Cyber Security Growth Network Limited as an individual entity. Australian Cyber Security Growth Network Limited is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

Comparatives are consistent with prior years, unless otherwise stated.

**1 Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The financial report is presented in Australian Dollars, which is the company's functional and presentation currency.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and realisation of assets and liabilities in the ordinary course of business. 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 company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

The financial report was authorised for issue in accordance with a resolution of the Board of Directors on 5 October 2021.

**2 Summary of Significant Accounting Policies**

**(a) Property, Plant and Equipment**

Plant and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2 Summary of Significant Accounting Policies (continued)**

**(a) Property, Plant and Equipment (continued)**

Plant and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and other equipment. The following useful lives are applied:

- computer hardware: 3-7 years
- office furniture and equipment: 3-7 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Low value assets are assessed based on useful life and fully written off on acquisition.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses. Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment of losses.

**(b) Revenue Recognition Policy**

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company;

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

The Company recognises revenue from its key revenue streams as follows;

*Grant Revenue*

Grant revenue is recognised over time, as the company satisfies its performance obligations as stated in the grant funding agreements.

*Other revenue*

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2 Summary of Significant Accounting Policies (continued)**

**(b) Revenue Recognition Policy (continued)**

*Interest revenue*

Interest revenue is recognised as interest accrues, under the effective interest rate method.

**(c) Grants**

The Company receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the Company to treat grant monies as deferred revenue in the Statement of Financial Position where the entity is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the performance obligations have not been satisfied.

**(d) Project Funds**

Included in cash and cash equivalents are project funds of \$2,491,290 in 2021 (2020: \$7,565,598) which are specifically for project funding and are not available for general use.

**(e) Financial Instruments**

Financial instruments are initially measured at fair value on trade date which includes transaction costs when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below.

*Financial Assets at Fair Value Through Profit or Loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss in the period in which they arise.

*Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective rate of interest method.

*Financial Liabilities*

Non-derivative financial liabilities are recognised at amortised cost using the effective rate of interest method, comprising original debt less principal payments and amortisation.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2 Summary of Significant Accounting Policies (continued)**

**(f) Employee Benefits**

*Short-term employee benefits*

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting year in which the employees render the related service, including wages, salaries and sick leave. The company classifies employees' annual leave entitlements as other short-term employee benefits as they are expected to be settled wholly within 12 months after the end of the annual reporting year in which the employees render the related service. Annual leave provision is based on accrued balances at the year end and on future salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. Accrued annual leave is recognised as a provision in the statement of financial position.

*Retirement benefit obligations*

*Defined contribution superannuation benefits*

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting year. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

**(g) Cash and Cash Equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**(h) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 ATO is included with other receivables or 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2 Summary of Significant Accounting Policies (continued)**

**(i) Impairment of Assets**

At each reporting date, the Company reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the assets fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Company would, if deprived of the asset, replace its future economic benefits. Value in use is the depreciated replacement cost of an asset.

**(j) Foreign Currency Transactions and Balances**

Foreign currency transactions during the period are converted to Australian dollars at the rates of exchange applicable at the date of the transaction. Amounts receivable and payable in foreign currencies at the reporting date are converted at the rates of exchange ruling at that date. It is the policy of the Company not to hedge their foreign currency transactions.

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in the Statement of Profit or Loss and Other Comprehensive Income as they arise.

**(k) Comparative Amounts**

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

**(l) Significant Management Judgement in Applying Accounting Policies**

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained externally. The key areas of the financial statements that are subject to estimate and judgement are Outlined as follows:

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

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**3 Summary of Significant Accounting Policies (continued)**

**(j) New and amended Standards adopted by the Company**

During the current period, the Company has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. These have not resulted in any material changes.

**(k) Accounting standards issued but not yet effected**

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2021. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>3 Revenue and Other Income</b>		
<b>Revenue</b>		
Grants received from:		
State/Federal Government Grants	5,180,000	3,680,000
Project Funding	-	5,000,000
State government contribution	642,500	510,424
Grants deferred	3,891,313	(3,743,139)
	9,713,813	5,447,285
Other revenue:		
Interest received/(paid)	575	(171)
Sponsorship Income	143,768	70,202
Other revenue	50,240	73,736
	194,584	143,767
Total revenue	9,908,397	5,591,052
<b>4 Auditors' Remuneration</b>		
Auditor fees	18,031	15,500
<b>5 Profit for the year</b>		
The result for the year was derived after reducing the following expenses:		
<b>Expenses</b>		
Employee benefits expense:		
- movement in provision for annual leave	34,989	16,903
- contributions to defined contribution superannuation funds	200,733	142,033
Depreciation of property and equipment	15,464	10,976
Amortisation of right of use asset	31,724	54,879
Interest on lease liability	1,941	1,895

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**NOTES TO THE FINANCIAL STATEMENTS**  
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	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>6 Cash and Cash Equivalents</b>		
Cash at bank	7,832,048	11,565,692
	7,832,048	11,565,692
<b>7 Trade and Other Receivables</b>		
Trade debtors	134,264	205,000
	134,264	205,000
<p>The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances.</p>		
<b>8 Other Assets</b>		
Deposits and bonds	-	13,126
GST receivable	25,470	102,029
Prepayments	145,211	68,206
FBT refundable	5,096	4,186
Payroll tax refundable	-	2,030
	175,777	189,577
<b>9 Right of Use Assets</b>		
Property at cost	86,109	73,172
Less: Accumulated depreciation	(31,724)	(54,879)
Total Right of use asset at end of year	54,384	18,293

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**NOTES TO THE FINANCIAL STATEMENTS**  
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	2021	2020
	\$	\$
<b>10 Property, Plant and Equipment</b>		
<b>Plant and equipment</b>		
At cost	72,286	56,288
Accumulated depreciation	(38,220)	(22,756)
<b>Total Plant and Equipment</b>	34,066	33,532

**Movements in carrying amounts of property, plant and equipment**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Computer Equipment	Office Furniture & Equipment	Total
	\$	\$	\$
Balance at 1 July 2019	19,748	11,989	31,737
Additions	6,946	5,825	12,771
Depreciation expense	(7,429)	(3,547)	(10,976)
Balance at 30 June 2020	19,265	14,267	33,532
Additions	11,489	4,509	15,998
Depreciation expense	(10,774)	(4,690)	(15,464)
Carrying amount at 30 June 2021	19,980	14,086	34,066

**11 Reconciliation of cash flow from operations with profit from ordinary activities after income tax**

Net (deficit)/surplus from ordinary activities	-	-
Non-cash flows in (deficit)/surplus for the year		
Depreciation & Amortisation expenses	58,931	65,855
Finance costs from lease liability	1,856	-
Changes in assets and liabilities during the year		
(Increase)/Decrease in trade and other receivables	70,736	(195,267)
(Increase)/Decrease in other current assets	13,799	(2,007)
Increase/(Decrease) in trade & other payables	77,346	(101,634)
Increase/(Decrease) in employee benefit liabilities	3,162	16,903
Increase/(Decrease) in other unearned income	(3,891,313)	3,743,139
Net cash provided by operating activities	(3,665,483)	3,526,990

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	<b>2021</b>	<b>2020</b>
	\$	\$
<b>12 Trade and Other Payables</b>		
<b>Current</b>		
Credit card	662	5,768
Trade creditors	442,415	243,499
Accrued expenses	35,516	146,725
PAYG withholding payable	68,356	62,894
Superannuation payable	47,342	6,142
Wages & superannuation accrual	6,187	58,105
	600,479	523,132
Trade and other payables are unsecured, non interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered to be a reasonable approximation of fair value due to the short term nature of the balances.		
<b>13 Lease Liabilities</b>		
<b>Current</b>		
Lease Liabilities	55,317	16,064
<b>Total Lease Liabilities</b>	55,317	16,064
<b>14 Provisions</b>		
Make good provision	-	10,000
	-	10,000
<b>15 Contingent Liabilities</b>		
The company had no contingent liabilities as at 30 June 2021 and 30 June 2020.		
<b>16 Events After the Reporting Period</b>		
The directors are not aware of any significant events since the end of the reporting year.		
<b>17 Key Management Personnel</b>		
Short-term employee benefits	919,043	528,337
<b>Total compensation</b>	919,043	528,337

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**18 Related Party Transactions**

Transactions with related parties

- There were no transactions with related parties during the current and previous financial year.
- There were no trade receivables from or trade payables to related parties at the current and previous reporting date.
- There were no loans to or from related parties at the current and previous reporting date.

**19 Economic Dependence**

Australian Cyber Security Growth Network Limited is dependent on the Department of Industry, Innovation and Science for the majority of its revenue used to operate the business, which requires continuing compliance with the grant funding agreement. At the date of this report, the Board of Directors has no reason to believe the Department will not continue to support Australian Cyber Security Growth Network Limited.



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## **Audit Report**