



Stone and Chalk Limited

ABN 29 603 489 229

Financial Report
For the year ended
30 June 2021



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Directors' Report

The directors present their report on Stone and Chalk Limited (Stone & Chalk, or 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:

- Ms Leona Murphy
- Mr Anthony Eisen
- Mr Aris Allegos
- Ms Caroline Trotman
- Ms Debra Taylor
- Mr Richard Kimber
- Mr Ronald Arnold, retired 21 December 2020
- Mr Ian Pollari, retired 23 February 2021
- Mr Richard Umbers, appointed 1 January 2021
- Ms Janine Stewart, appointed 1 January 2021
- Mr Douglas Thorne Elix AO, appointed 23 February 2021.

Mr Alexander Scandurra, Chief Executive Officer of Stone & Chalk until 19 August 2021, was appointed as the company's representative on the Board of its subsidiary, the Australian Cyber Security Growth Network Limited (also known as AustCyber), appointed 22 February 2021 and retired 19 August 2021.

Principal activities

Stone & Chalk's value proposition and primary objective is its unique focus on helping startups to commercialise and rapidly scale by leveraging the best of what the ecosystem has to offer.

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. Stone and Chalk Limited merged with AustCyber, 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 resigned and Stone and Chalk Limited became the sole Member with the Member holding a supermajority voting right.

Information on Directors

Leona Murphy

Position: Director

Experience: Manages a portfolio of Non Executive Director roles and was previously Chief Strategy Officer of IAG Limited. Is Chair of Stone & Chalk and Chair of Royal Brisbane & Women's Hospital Foundation. Leona is also a board member of Liberty Financial, RACQ Group and is a former senior executive of IAG Group with over 30 years experience in the insurance industry.

Additional Responsibilities: Chair



Anthony Eisen

Position: Director

Experience: Anthony is the Executive Chair and Co-founder of Afterpay Touch as well as a non-executive Director of Foundation Life (NZ) Limited, a non-executive Director at Stone & Chalk and is currently the Executive Chair and CEO of Afterpay. Anthony has over 20 years' experience in investing, building companies, maintaining public company directorships and providing corporate advice across a variety of sectors with a special focus in financial services and technology.

Aris Allegos

Position: Director

Experience: Aris is Co-founder and CEO of Moula. A non-executive Director at Stone & Chalk and is a co-founder and the CEO of Moula, one of Australia's leading non-bank lenders. Aris was also previously a Director at Credit Suisse and Nomura.

Caroline Trotman

Position: Director

Experience: Caroline is the Co-founder and COO of WordFlow. A non-executive Director at Stone & Chalk, Caroline has been a resident at Stone and Chalk for the past 2 years. Stone and Chalk has been instrumental in WordFlow's growth from a startup to a scaleup company.

Debra Taylor

Position: Director

Experience: Debra is the Founder and COO of Open Sparkz as well as the COO of Pax Technology Australia, a non-executive Director at Stone & Chalk, Debra has been an entrepreneur in the fintech space for over 25 years. Debra has founded over 10 startup businesses ranging from telcos, electronic payments and fintech.

Richard Kimber

Position: Director

Experience: Richard is a non-executive Director at Stone & Chalk who is also the CEO & founder of Daisee, an Australian AI software company that builds cutting edge applications for contact centres. Richard is a former CEO of FirstDirect Bank in the United Kingdom and Managing Director of Google in Australia.



Richard Umbers

Position: Director (appointed 1 January 2021)

Experience: Richard is an experienced CEO and board member across the retail and logistics sectors. He currently provides consultancy and advisory services in Australia and western Europe and is also a non-executive board member of Advance.org.

Janine Stewart

Position: Director (appointed 1 January 2021)

Experience: Janine is an experienced non-executive director with an executive career in leadership roles spanning a diverse range of ASX 100 industry sectors, including Financial Services, Media and Aviation. A focus on creating value for shareholders by creating value for customers in Digital and Customer Service transformation. Janine's former directorships include non-executive Director at TAFE NSW Commission, Executive Director at Career One and News Corp Australia's digital Board, a joint venture with Monster.

Additional Responsibilities: Chair of Remuneration committee

Douglas Thorne Elix AO

Position: Director (appointed 23 February 2021)

Experience: Doug was previously the Senior Vice President and Group Executive for IBM's worldwide sales and distribution operations. He has served on the Boards of IBM Australia Limited, the Australian Information Industries Association, the Australian Institute of Management and the Royal Bank of Canada. Mr Elix is Chairman of the Board of AustCyber, the Australian Independent Schools USA Foundation; and a member of the Advisory Committee of the Australian Centre of Excellence for Quantum Computation & Communication Technology and the Board of The Queen Elizabeth II September 11th Garden in New York.

Additional Responsibilities: Chair of AustCyber

Ronald Arnold

Position: Director (retired 21 January 2020)

Experience: Ron is the founder and Managing Director of advisory firm 11eight and an Associate Partner with Insurtech Gateway Australia. Previously, he was a Managing General Partner of IAG Firemark Ventures, following its establishment under his guidance and leadership. He has also held senior roles in IAG, AAMI and the Australian Government's Productivity Commission.

**Ian Pollari**

Position: Director (retired 23 February 2021)

Experience: Ian is a Partner with KPMG, a global leader in banking and fintech, currently head of KPMG's work in Australia's financial services sector, advising CEOs, CFOs and senior business leaders on the future of banking and technology, and how they can transform their organisations to capitalise on this change. He is also the Co-Leader of KPMG's Global Fintech practice.

Jose (John) Rodriguez

Position: Company secretary

Experience: Jose Rodriguez holds a Bachelor of Commerce and a Graduate Diploma in Corporate Governance, he is also a Fellow of the Governance Institute of Australia and a Chartered Secretary of the Institute of Chartered Secretaries and Administrators. Jose is a Senior Company Secretary with 30 years' experience in governance and company secretarial roles and has worked with ASX listed, unlisted and Not-For-Profit organisations. Jose is a Justice of the Peace and is registered for working with children.

	Eligible to attend	Attended
Leona Murphy	7	7
Aris Allegos	7	6
Anthony Eisen	7	6
Caroline Trotman	7	6
Debra Taylor	7	7
Richard Kimber	7	6
Ian Pollari	5	4
Ronald Arnold	4	2
Richard Umbers	3	3
Janine Stewart	3	3
Douglas Elix AO	2	2

Financial impact of COVID-19

Stone and Chalk has determined that 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 Stone and Chalk 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.



Stone and Chalk Limited
ABN 29 603 489 229

Auditors' Independence Declaration

BDO Audit Pty Ltd was appointed as the Company's auditors on 21 September 2020 in accordance with section 327 of the Corporations Act 2001.

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 8.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

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

A handwritten signature in blue ink, appearing to read "Leona Murphy", written over a horizontal line.

Director: Ms Leona Murphy

DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF STONE AND CHALK LIMITED

As lead auditor of Stone and Chalk Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the Australian Charities and Not-for-profit Commission Act 2012 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Stone and Chalk Limited and the entities it controlled during the period.



Tim Aman
Director

BDO Audit Pty Ltd
Sydney
5 October 2021



Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue from desk rentals	3	4,551,051	3,919,923
Less: Operating expenses			
Salary, wages & support function costs		(4,242,336)	(3,610,786)
Amortisation expenses		(1,553,540)	(2,779,355)
Depreciation expenses		(1,638,607)	(1,423,711)
Property expenses		(667,468)	(914,962)
Interest expenses		(295,162)	(415,774)
Professional fees & contractors		(285,923)	(205,063)
Doubtful & bad debt expenses		(14,751)	(81,389)
Audit fees	4	(20,295)	(16,400)
Foreign currency gains and losses		(5,591)	(3,134)
Other operating expenses		(724,369)	(685,071)
Net deficit from ordinary activities		(4,896,991)	(6,215,722)
Events & programs income	3	303,191	385,414
Less: Events & programs expenses		(87,053)	(110,927)
Net surplus from events & promotions		216,138	274,487
Government funding	3	3,332,209	3,378,174
Membership fees	3	1,115,492	1,472,851
Interest income	3	15,738	56,339
Other Income	3	541,408	429,855
Net surplus from other income		5,004,847	5,337,219
Profit / (Loss) for the year		323,994	(604,016)
Other comprehensive income		-	-
Comprehensive Profit / (Loss) for the year		323,994	(604,016)
Total changes in funds from non-owner related transactions		323,994	(604,016)

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on the following pages.



Statement of Financial Position as at 30 June 2021

	Note	2021 \$	2020 \$
Current Assets			
Cash & cash equivalents	6 (a)	6,441,746	5,730,698
Trade & other receivables	7	519,573	336,886
Prepayments		81,458	67,321
Total current assets		7,042,777	6,134,905
Non-Current Assets			
Property, plant & equipment	5	2,051,891	3,508,090
Intangible Assets		294,374	80,153
Right of use asset	12	1,613,806	5,034,763
Investment in subsidiaries	14	1	-
Total Non-current assets		3,960,072	8,623,005
Total assets		11,002,849	14,757,910
Current liabilities			
Trade & other payables	8	983,102	283,038
Employee benefit liabilities		907,077	526,783
Other unearned income		420,709	62,368
Unearned membership income	9	180,833	342,500
Lease liability	13	4,949,103	3,584,527
Deferred government funding	10	708,667	2,067,750
Total current liabilities		8,149,491	6,866,966
Non-Current Liabilities			
Deferred government funding	10	177,166	885,833
Provisions	11	819,545	798,975
Lease liability	13	714,997	5,388,480
Total Non-current liabilities		1,711,708	7,073,288
Total liabilities		9,861,199	13,940,254
Net assets		1,141,650	817,656
Funds			
Retained surplus	15	1,141,650	817,656
Total Funds		1,141,650	817,656

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on the following pages.



Statement of Changes in Equity for the year ended 30 June 2021

	2021	2020
	\$	\$
Opening balance	817,656	1,421,672
Net (deficit)/surplus for the year	323,994	(604,016)
Other comprehensive Income/(loss) for the year	-	-
Closing balance	<u>1,141,650</u>	<u>817,656</u>

The statement of changes in funds is to be read in conjunction with the notes to the financial statements set out on the following pages.



Statement of Cash Flows for the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Cash receipts in the course of operations		5,856,972	5,771,303
Cash received from government funding		1,600,529	1,589,606
Cash received from government contributions		541,408	272,000
Cash payments in the course of operations		(5,298,621)	(5,801,077)
Interest received		15,738	56,339
Net cash from operating activities	6 (b)	2,716,026	1,888,171
Cash flows from investing activities			
Payments for plant and equipment		(396,631)	(255,411)
Net cash used in investing activities		(396,631)	(255,411)
Cash flows from financing activities			
Repayment of Lease Liability		(1,608,347)	(1,757,233)
Net cash from financing activities		(1,608,347)	(1,757,233)
Net increase/(decrease) in cash held		711,048	(124,473)
Cash and cash equivalents at the beginning of the year		5,730,698	5,855,171
Cash and cash equivalents at end of the year	6 (a)	6,441,746	5,730,698

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on the following pages.



Notes to the financial statements for the year ended 30 June 2021

Note 1: Report

This financial report covers Stone and Chalk Limited (the "Company"), as an individual entity. Stone and Chalk Limited is a company limited by guarantee, incorporated and domiciled in Australia.

The address of the Company's registered office Level 4, 11-17 York Street, Sydney NSW 2000.

Note 2: Basis of preparation and significant accounting policies

(a) Statement of compliance

The directors have prepared the financial statements on the basis the Company is a non-reporting entity because there are no users dependent upon general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Australian Charities and Not-for-profit Commission Act 2012 (ACNC). The Company is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Australian Charities and Not-for-profit Commission Act 2012 and the significant accounting policies disclosed below, which the Directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise. The report has been prepared in accordance with the requirements of the ACNC Act 2012 and the following Australian Accounting Standards:

- AASB 101 Presentation of Financial Statements
- AASB 107 Statement of Cash Flows
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 110 Events After the End of the Reporting Period
- AASB 1048 Interpretation of Standards
- AASB 1054 Australian Additional Disclosures
- AASB1058 Income for Not-for-Profit Entities

The financial statements except for cash flow information have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below. Amounts presented in the financial statements have been rounded to the nearest dollar. The financial report was authorised for issue by the directors on 5 October 2021.

Where necessary, comparative information has been reclassified to be consistent with the current reporting period.



(b) Revenue recognition

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

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Membership

Membership fees are recognised as revenue as the performance obligations are satisfied which occurs over time as the customer simultaneously receives and consumes the service provided.

Government Funding

Government funding revenue is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the government contract which must be satisfied before the company is eligible to retain the contribution, the funding will be recognised in the statement of financial position as a liability until those conditions are satisfied.

(c) Taxation

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997. GST obligations are remitted to the Australian Taxation Office quarterly on an accruals basis.

(d) Cash and cash equivalents

Cash and cash equivalents and term deposits are carried at face value of the amounts deposited or drawn.

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short term highly liquid investments with maturities of three months or less.

(e) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

**(g) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. In determining the liability, consideration is given to employee wage increases.

(h) Financial instrumentsFinancial assets*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

Financial assets that are held within the business whose objective is to hold financial assets in order to collect contractual cash flows are measured subsequently at amortised cost.

The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As at 30 June 2021, the Company's financial assets consist of cash and cash equivalents and trade and other receivables which are measured at amortised cost in accordance with the above accounting policy.

Financial liabilities

Financial liabilities are initially measured at fair value and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

As at 30 June 2021, the Company's financial liabilities consist of trade and other payables, lease liabilities, unearned income and deferred government funding, which are measured at amortised cost.

(i) Lease Liability

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

**(j) Right of Use Asset**

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(k) Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(m) Intangible Assets

Stone & Chalk capitalised development costs relating to the development of software. Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Development costs are amortised on a straight-line basis over the finite life based on the period of expected future sales from the related project which is 5 years. Amortisation is recorded in profit or loss.

(n) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

**(n) Critical accounting estimates and judgements (continued)****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.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(o) 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.

(p) Functional and presentation currency

The functional and presentation currency of the Company is Australian Dollars (\$).

(q) Accounting standards issued but not yet effected

Australian Accounting Standards and Interpretations that have recently 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.



	2021	2020
	\$	\$

Note 3: Revenue

Desk Revenue	4,551,051	3,919,923
Government funding	3,332,209	3,378,174
Membership fees	1,115,492	1,472,851
Events & programs income	303,191	385,414
Interest Income	15,738	56,339
Other Income	541,408	429,855
Total revenue	9,859,089	9,642,556

Note 4: Auditors' remuneration

Audit services		
Audit of the financial statements	20,295	16,400
	20,295	16,400

Note 5: Property, Plant and Equipment

Office/computer equipment and furniture at cost	795,015	398,385
Less: accumulated depreciation	(293,472)	(125,613)
	501,543	272,772
Fit-outs at cost	6,243,451	6,457,673
Less: accumulated amortization	(4,693,103)	(3,222,356)
	1,550,348	3,235,318
Net carrying amount	2,051,891	3,508,090



	2021	2020
	\$	\$

Note 6: Notes to the statement of cash flows**(a) Reconciliation of cash**

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short-term deposits at call. Cash as at the end of the year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at bank	6,331,776	5,620,728
Term deposit	109,970	109,970
Cash and cash equivalents	6,441,746	5,730,698

(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax

Net (deficit)/surplus from ordinary activities	323,994	(604,016)
Non-cash flows in (deficit)/surplus for the year		
Depreciation expenses	1,638,607	1,423,711
Amortisation expenses	1,553,540	2,779,355
Finance costs from lease liability	324,295	380,405
Changes in assets and liabilities during the year		
(Increase)/Decrease in trade and other receivables	(182,687)	25,447
(Increase)/Decrease in prepayments	(14,136)	(36,333)
Increase/(Decrease) in trade & other payables	700,064	(197,453)
Increase/(Decrease) in employee benefit liabilities	380,294	162,552
Increase/(Decrease) in other unearned income	358,341	(99,018)
Increase/(Decrease) in unearned membership income	(161,667)	(277,500)
Increase/(Decrease) in deferred government funding	(2,067,750)	(1,689,550)
Increase/(Decrease) in provision for make good	20,570	20,571
Net cash provided by operating activities	2,873,464	1,888,171

Note 7: Trade & other receivables

Trade debtors and accrued income	262,021	299,958
Receivables - Other related companies	185,296	-
GST receivable	105,210	118,320
Less: Allowance for expected credit loss	(32,953)	(81,392)
Trade & other receivables	519,573	336,886



	2021	2020
	\$	\$

Note 8: Trade & other payables

Trade creditors	233,624	45,806
Accruals	674,976	177,111
Credit card liability	17,784	20,641
GST payable	-	-
Other payables	56,718	39,480
Trade & other payables	983,102	283,038

Note 9: Unearned membership income

Unearned membership income	<u>180,833</u>	<u>342,500</u>
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Membership income received in advance represents revenue received in advance of subsequent financial years and has therefore been deferred. This includes amounts received for which revenue recognition has not yet been met.

Note 10: Deferred government funding**Current liability**

Deferred government funding	<u>708,667</u>	<u>2,067,750</u>
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Non-current liability

Deferred government funding	<u>177,166</u>	<u>885,833</u>
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In accordance with AASB 1058 and in conjunction with AASB 15, government funding received by the company for leasehold fit-out costs have been recognised in the statement of profit or loss on a systematic basis over the periods in which the entity satisfies the performance obligations as the company meets the its key performance indicators in the contracts with the government. Cash flows from the receipt of government funding and the payments made for leasehold fit-out costs have been presented in the statement of cash flows on a gross basis. Any funding received in advance of the performance obligation being satisfied are recognized as deferred government funding.

Note 11: Provisions**Non-current provisions**

Provision for make good	<u>819,545</u>	<u>798,975</u>
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The make good provision represents the present value of the estimated costs to make good the premises leased by the Company at the end of the respective lease terms.



2021
\$

2020
\$

Note 12: Right of use asset

Right of use asset	5,946,702	7,814,118
Less: accumulated amortisation	(4,332,895)	(2,779,355)
Right of use asset	1,613,806	5,034,763

Note 13: Lease liability

Lease liability – Current	4,949,103	3,584,527
Lease liability – Non-current	714,997	5,388,480
Lease liability	5,664,100	8,973,007

Note 14: Investment in Subsidiaries

Subsidiaries	Country of Incorporation	2021 Ownership %	2020 Ownership %
Australian Cyber Security Growth Network Limited	Australia	100	-
Ribit Pty Limited	Australia	100	-

During the period, the Company took over control of Australian Cyber Security Growth Network Limited 'AustCyber', another not-for profit organisation by virtue of an integration agreement whereby all the previous members of AustCyber retired and the Company has agreed to be the sole member. No consideration was paid out by S&C during the integration, as such no investment in subsidiary is presented in the balance sheet.

Additionally, the Company incorporated Ribit Pty Limited 'Ribit' through capital contribution amounting to \$1, which represents 100% share capital of the investee.

Note 15: Member funds

The Company is a company limited by guarantee. Accordingly, there is no equity in the form of share capital contributed by the members. In the event of winding up the Company, each member undertakes to contribute an amount not exceeding \$1 to the Company to pay outstanding liabilities and the cost of winding up.

Note 16: Events after balance date

No significant events have occurred since the end of the year which would impact on the financial position of the company as disclosed in the statement of financial position as at 30 June 2021 or on the results and cash flows of the company for the year ended on that date.

Directors' declaration

In the opinion of the directors of Stone and Chalk Limited:

- (a) the financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and;
- i. comply with Accounting Standards as described in the notes to the financial statements and the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC Regulation 2013); and
 - ii. give a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the year ended on that date in accordance with the accounting policies described in the notes to the financial statements.
- (b) 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 in accordance with a resolution of the directors.



Leona Murphy

Director

Date: 5.10.21

INDEPENDENT AUDITOR'S REPORT

To the members of Stone and Chalk Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Stone and Chalk Limited (the registered entity), which comprises the statement of financial position as at 30 June 2021, 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, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of Stone and Chalk Limited, is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 2 and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the registered entity in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of matter - Basis of accounting

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the registered entity's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the ACNC Act. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the responsible entities either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'Tim Aman'.

Tim Aman
Director

Sydney, 5 October 2021