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FRS Large Proprietary Company Simplified Disclosures Pty Limited

ABN 12 345 678 901

Annual Report - 30 June 2023

FRS Large Proprietary Company Simplified Disclosures Pty Limited
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

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

Anthony Example
Brad Example
Christina Example
Daniel Example
Elizabeth Example (resigned on 20 August 2023)

Principal activities
During the financial year the principal continuing activities of the company consisted of:
- Computer manufacturing
- Computer retailing
- Computer distribution

Dividends
Dividends paid during the financial year were as follows:

	2023 $'000	2022 $'000
Final dividend for the year ended 30 June 2022 (2022: 30 June 2021) of 5 cents (2022: 4 cents) per ordinary share	4,000	3,200

Review of operations
The profit for the company after providing for income tax amounted to $28,112,000 (30 June 2022: $15,749,000).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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

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

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

Shares issued on the exercise of options
There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company 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 company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

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

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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

On behalf of the directors

____

Daniel Example
Director

24 August 2023
Sydney

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General information

The financial statements cover FRS Large Proprietary Company Simplified Disclosures Pty Limited as an individual entity. The financial statements are presented in Australian dollars, which is FRS Large Proprietary Company Simplified Disclosures Pty Limited's functional and presentation currency.

FRS Large Proprietary Company Simplified Disclosures Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
10th Floor	5th Floor
Universal Administration Building	FRS Business Centre
12 Highland Street	247 Edward Street
Sydney NSW 2000	Brisbane QLD 4000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 August 2023. The directors have the power to amend and reissue the financial statements.

FRS Large Proprietary Company Simplified Disclosures Pty Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Revenue	3	471,335	440,643
Other income	4	742	192
Interest revenue calculated using the effective interest method		1,087	543
Expenses			
Changes in inventories		(3,523)	(782)
Raw materials and consumables used		(127,025)	(121,050)
Employee benefits expense		(225,150)	(218,728)
Depreciation and amortisation expense	5	(52,047)	(52,411)
Impairment of receivables		(491)	(432)
Other expenses		(6,020)	(4,724)
Finance costs	5	(18,752)	(20,620)
Profit before income tax expense		40,156	22,631
Income tax expense	6	(12,044)	(6,882)
Profit after income tax expense for the year attributable to the owners of FRS Large Proprietary Company Simplified Disclosures Pty Limited	34	28,112	15,749
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings, net of tax		-	1,400
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges transferred to profit or loss, net of tax		-	(2)
Cash flow hedges transferred to inventory in the statement of financial position, net of tax		(3)	(7)
Net change in the fair value of cash flow hedges taken to equity, net of tax		(7)	(18)
Other comprehensive income for the year, net of tax		(10)	1,373
Total comprehensive income for the year attributable to the owners of FRS Large Proprietary Company Simplified Disclosures Pty Limited		28,102	17,122

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

FRS Large Proprietary Company Simplified Disclosures Pty Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $'000	2022 $'000
Assets			
Current assets			
Cash and cash equivalents	7	26,136	5,524
Trade and other receivables	8	13,349	12,354
Contract assets	9	2,617	2,144
Inventories	10	39,525	43,048
Other	11	3,935	3,444
Total current assets		85,562	66,514
Non-current assets			
Receivables	12	145	145
Property, plant and equipment	13	123,139	128,883
Right-of-use assets	14	305,485	332,116
Intangibles	15	1,741	2,116
Deferred tax	16	15,574	12,561
Other	17	2,308	2,405
Total non-current assets		448,392	478,226
Total assets		533,954	544,740
Liabilities			
Current liabilities			
Trade and other payables	18	20,004	17,306
Contract liabilities	19	2,269	2,135
Borrowings	20	4,500	2,000
Lease liabilities	21	22,072	20,905
Derivative financial instruments	22	122	107
Income tax	23	9,011	3,492
Employee benefits	24	8,352	8,143
Provisions	25	3,494	2,837
Other	26	2,130	1,869
Total current liabilities		71,954	58,794
Non-current liabilities			
Borrowings	27	6,867	34,901
Lease liabilities	28	301,714	322,745
Deferred tax	29	4,650	4,333
Employee benefits	30	11,149	10,854
Provisions	31	1,475	1,070
Total non-current liabilities		325,855	373,903
Total liabilities		397,809	432,697
Net assets		136,145	112,043
Equity			
Issued capital	32	80,000	80,000
Reserves	33	4,465	4,475
Retained profits	34	51,680	27,568
Total equity		136,145	112,043

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

FRS Large Proprietary Company Simplified Disclosures Pty Limited
Statement of changes in equity
For the year ended 30 June 2023

	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2021	80,000	3,102	15,019	98,121
Profit after income tax expense for the year	-	-	15,749	15,749
Other comprehensive income for the year, net of tax	-	1,373	-	1,373
Total comprehensive income for the year	-	1,373	15,749	17,122
Transactions with owners in their capacity as owners:				
Dividends paid (note 35)	-	-	(3,200)	(3,200)
Balance at 30 June 2022	80,000	4,475	27,568	112,043

	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2022	80,000	4,475	27,568	112,043
Profit after income tax expense for the year	-	-	28,112	28,112
Other comprehensive income for the year, net of tax	-	(10)	-	(10)
Total comprehensive income for the year	-	(10)	28,112	28,102
Transactions with owners in their capacity as owners:				
Dividends paid (note 35)	-	-	(4,000)	(4,000)
Balance at 30 June 2023	80,000	4,465	51,680	136,145

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

FRS Large Proprietary Company Simplified Disclosures Pty Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		516,249	484,305
Payments to suppliers and employees (inclusive of GST)		(403,616)	(391,981)
		112,633	92,324
Interest received		1,084	540
Other revenue		391	48
Interest and other finance costs paid		(18,752)	(20,620)
Income taxes paid		(9,216)	(8,461)
Net cash from operating activities		86,140	63,831
Cash flows from investing activities			
Payments for property, plant and equipment		(12,275)	(3,048)
Proceeds from disposal of property, plant and equipment		1,511	250
Proceeds from release of security deposits		155	-
Net cash used in investing activities		(10,609)	(2,798)
Cash flows from financing activities			
Dividends paid	35	(4,000)	(3,200)
Repayment of borrowings		(25,534)	(35,488)
Repayment of lease liabilities		(25,385)	(21,555)
Net cash used in financing activities		(54,919)	(60,243)
Net increase in cash and cash equivalents		20,612	790
Cash and cash equivalents at the beginning of the financial year		5,524	4,734
Cash and cash equivalents at the end of the financial year	7	26,136	5,524

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.

New or amended Accounting Standards and Interpretations adopted
The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, certain classes of property, plant and equipment and derivative financial instruments.

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 company'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.

Foreign currency translation
The financial statements are presented in Australian dollars, which is FRS Large Proprietary Company Simplified Disclosures Pty Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition
The company recognises revenue as follows:

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.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Note 1. Significant accounting policies (continued)

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

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.

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

Government grants
Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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 the 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 assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle 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 classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 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 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Note 1. Significant accounting policies (continued)

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 initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets
Contract assets are recognised when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Customer acquisition costs
Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Customer fulfilment costs
Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

Right of return assets
Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Note 1. Significant accounting policies (continued)

Cash flow hedges
Cash flow hedges are used to cover the company's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Property, plant and equipment
Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant 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, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 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, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or 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.

Note 1. Significant accounting policies (continued)

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.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

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.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company 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.

Contract liabilities
Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

Refund liabilities
Refund liabilities are recognised where the company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

Note 1. Significant accounting policies (continued)

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
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.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

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 wholly within 12 months of the reporting date 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 measured at 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 corporate 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 principal market; or in the absence of a principal market, in the most advantageous market.

Note 1. Significant accounting policies (continued)

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 interests. 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.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

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.

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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.

Revenue from contracts with customers involving sale of goods
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Determination of variable consideration
Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the company where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Note 2. Critical accounting judgements, estimates and assumptions (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.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant 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.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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.

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.

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 2. Critical accounting judgements, estimates and assumptions (continued)

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Warranty provision
In determining the level of provision required for warranties the company has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

Note 3. Revenue

	2023 $'000	2022 $'000
Revenue from contracts with customers		
Sale of goods	459,358	428,115
Rendering of services	11,906	12,480
	471,264	440,595
Other revenue		
Other revenue	71	48
Revenue	471,335	440,643

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	2023 $'000	2022 $'000
Major product lines		
Laptops	384,906	352,897
Desktops	51,844	58,921
Components	34,514	28,777
	471,264	440,595
Geographical regions		
Australia	418,156	398,072
New Zealand	39,020	32,567
Rest of the World	14,088	9,956
	471,264	440,595
Timing of revenue recognition		
Goods transferred at a point in time	459,358	428,115
Services transferred over time	11,906	12,480
	471,264	440,595

Note 4. Other income

	2023 $'000	2022 $'000
Net gain on disposal of property, plant and equipment	422	192
Government grants	100	-
Insurance recoveries	220	-
Other income	742	192

Note 5. Expenses

	2023 $'000	2022 $'000
Profit before income tax includes the following specific expenses:		
Cost of sales		
Cost of sales	284,451	277,964
Finance costs		
Interest and finance charges paid/payable on borrowings	1,621	2,549
Interest and finance charges paid/payable on lease liabilities	17,046	18,009
Unwinding of the discount on provisions	85	62
Finance costs expensed	18,752	20,620
Net foreign exchange loss		
Net foreign exchange loss	13	6
Cash flow hedge ineffectiveness		
Cash flow hedge ineffectiveness	4	2
Leases		
Short-term and low-value assets lease payments	1,037	246
Superannuation expense		
Defined contribution superannuation expense	18,089	17,629
Research costs		
Research costs	124	107
Write off of assets		
Inventories	536	112

Note 6. Income tax expense

	2023 $'000	2022 $'000
Income tax expense		
Current tax	14,838	9,037
Deferred tax - origination and reversal of temporary differences	(2,691)	(2,155)
Adjustment recognised for prior periods	(103)	-
Aggregate income tax expense	12,044	6,882
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 16)	(3,008)	(3,745)
Increase in deferred tax liabilities (note 29)	317	1,590
Deferred tax - origination and reversal of temporary differences	(2,691)	(2,155)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	40,156	22,631
Tax at the statutory tax rate of 30%	12,047	6,789
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	32	41
Sundry items	68	52
	12,147	6,882
Adjustment recognised for prior periods	(103)	-
Income tax expense	12,044	6,882

	2023 $'000	2022 $'000
Amounts charged/(credited) directly to equity		
Deferred tax assets (note 16)	(5)	(437)
Deferred tax liabilities (note 29)	-	600
	(5)	163

Note 7. Current assets - cash and cash equivalents

	2023 $'000	2022 $'000
Cash on hand	123	107
Cash at bank	14,113	5,017
Cash on deposit	11,900	400
	26,136	5,524

Note 8. Current assets - trade and other receivables

	2023 $'000	2022 $'000
Trade receivables	14,344	13,181
Less: Allowance for expected credit losses	(1,062)	(874)
	13,282	12,307
Other receivables	60	43
Interest receivable	7	4
	13,349	12,354

Note 9. Current assets - contract assets

	2023 $'000	2022 $'000
Contract assets	2,617	2,144

Note 10. Current assets - inventories

	2023 $'000	2022 $'000
Raw materials	6,817	6,081
Work in progress	16,040	17,434
Finished goods	16,464	19,346
Stock in transit	204	187
	39,525	43,048

Note 11. Current assets - other

	2023 $'000	2022 $'000
Prepayments	1,110	903
Security deposits	65	35
Customer acquisition costs	1,417	1,274
Customer fulfilment costs	672	614
Right of return assets	671	618
	3,935	3,444

Note 12. Non-current assets - receivables

	2023 $'000	2022 $'000
Other receivables	145	145

The other receivables are due to be repaid by 30 June 2026 and the effect of discounting is considered not to be material. This receivable is not past due nor impaired.

Note 13. Non-current assets - property, plant and equipment

	2023 $'000	2022 $'000
Land and buildings - at independent valuation	58,500	58,500
Leasehold improvements - at cost	33,585	27,185
Less: Accumulated depreciation	(18,401)	(13,120)
	15,184	14,065
Plant and equipment - at cost	105,607	100,362
Less: Accumulated depreciation	(56,152)	(44,044)
	49,455	56,318
	123,139	128,883

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land and buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Balance at 1 July 2022	58,500	14,065	56,318	128,883
Additions	-	6,400	6,425	12,825
Disposals	-	-	(1,089)	(1,089)
Depreciation expense	-	(5,281)	(12,199)	(17,480)
Balance at 30 June 2023	58,500	15,184	49,455	123,139

Valuations of land and buildings
The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued on 30 June 2022 based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of land and buildings being valued. The directors do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition.

Note 14. Non-current assets - right-of-use assets

	2023 $'000	2022 $'000
Land and buildings - right-of-use	271,636	271,636
Less: Accumulated depreciation	(37,350)	(23,768)
	234,286	247,868
Plant and equipment - right-of-use	126,363	120,842
Less: Accumulated depreciation	(55,164)	(36,594)
	71,199	84,248
	305,485	332,116

Additions to the right-of-use assets during the year were $5,521,000 and depreciation charged to profit or loss was $31,135,000.

Note 14. Non-current assets - right-of-use assets (continued)

The company leases land and buildings for its offices, warehouses and retail outlets under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The company also leases plant and equipment under agreements of between three to seven years.

The company leases office equipment under agreements of less than two years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Note 15. Non-current assets - intangibles

	2023 $'000	2022 $'000
Development - at cost	3,208	3,208
Less: Accumulated amortisation	(1,605)	(1,284)
	1,603	1,924
Patents and trademarks - at cost	320	320
Less: Accumulated amortisation	(224)	(192)
	96	128
Software - at cost	108	108
Less: Accumulated amortisation	(66)	(44)
	42	64
	1,741	2,116

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Development $'000	Patents and trademarks $'000	Software $'000	Total $'000
Balance at 1 July 2022	1,924	128	64	2,116
Amortisation expense	(321)	(32)	(22)	(375)
Balance at 30 June 2023	1,603	96	42	1,741

Note 16. Non-current assets - deferred tax

	2023 $'000	2022 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	296	247
Property, plant and equipment	411	-
Contract liabilities	681	641
Employee benefits	5,850	5,699
Leases	5,899	3,853
Provision for legal claims	18	-
Provision for lease make good	512	321
Provision for warranties	961	851
Accrued expenses	343	278
Refund liabilities	296	283
	15,267	12,173
Amounts recognised in equity:		
Transaction costs on share issue	270	356
Derivative financial instruments	37	32
	307	388
Deferred tax asset	15,574	12,561
Movements:		
Opening balance	12,561	8,379
Credited to profit or loss (note 6)	3,008	3,745
Credited to equity (note 6)	5	437
Closing balance	15,574	12,561

Note 17. Non-current assets - other

	2023 $'000	2022 $'000
Security deposits	1,260	1,445
Customer acquisition costs	564	517
Customer fulfilment costs	484	443
	2,308	2,405

Note 18. Current liabilities - trade and other payables

	2023 $'000	2022 $'000
Trade payables	18,070	15,711
Other payables	1,934	1,595
	20,004	17,306

Note 19. Current liabilities - contract liabilities

	2023 $'000	2022 $'000
Contract liabilities	2,269	2,135

Note 20. Current liabilities - borrowings

	2023 $'000	2022 $'000
Bank loans	4,500	2,000

Refer to note 27 for further information on assets pledged as security and financing arrangements.

Note 21. Current liabilities - lease liabilities

	2023 $'000	2022 $'000
Lease liability	22,072	20,905

Note 22. Current liabilities - derivative financial instruments

	2023 $'000	2022 $'000
Forward foreign exchange contracts - cash flow hedges	122	107

In order to protect against exchange rate movements, the company has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge between 30% and 80% of anticipated foreign currency transactions for the subsequent 4 months.

Note 23. Current liabilities - income tax

	2023 $'000	2022 $'000
Provision for income tax	9,011	3,492

Note 24. Current liabilities - employee benefits

	2023 $'000	2022 $'000
Employee benefits	8,352	8,143

Note 25. Current liabilities - provisions

	2023 $'000	2022 $'000
Lease make good	230	-
Legal claims	60	-
Warranties	3,204	2,837
	3,494	2,837

Lease make good
The 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.

Legal claims
The provision represents a claim by a customer of the computer retailing division. This claim is expected to be settled in the next financial year and the outcome of this claim is not expected to exceed the amount provided for, based on independent legal advice.

Warranties
The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

2023	Lease make good $'000	Legal claims $'000	Warranties $'000
Carrying amount at the start of the year	-	-	2,837
Additional provisions recognised	-	60	503
Amounts transferred from non-current	230	-	-
Amounts used	-	-	(91)
Unused amounts reversed	-	-	(45)
Carrying amount at the end of the year	230	60	3,204

Note 26. Current liabilities - other

	2023 $'000	2022 $'000
Accrued expenses	1,143	927
Refund liabilities	987	942
	2,130	1,869

Note 27. Non-current liabilities - borrowings

	2023 $'000	2022 $'000
Bank loans	6,867	34,901

Note 27. Non-current liabilities - borrowings (continued)

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	2023 $'000	2022 $'000
Bank loans	11,367	36,901

Assets pledged as security
The bank overdraft and loans are secured by first mortgages over the company's land and buildings.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	2023 $'000	2022 $'000
Total facilities		
Bank overdraft	5,000	5,000
Bank loans	40,000	40,000
	45,000	45,000
Used at the reporting date		
Bank overdraft	-	-
Bank loans	11,367	36,901
	11,367	36,901
Unused at the reporting date		
Bank overdraft	5,000	5,000
Bank loans	28,633	3,099
	33,633	8,099

The bank loans are principal and interest payment loans, repayable in monthly instalments and due to mature in 2026. The variable interest rate is 8.20% (2022: 8.80%).

Note 28. Non-current liabilities - lease liabilities

	2023 $'000	2022 $'000
Lease liability	301,714	322,745

Future lease payments
Future lease payments are due as follows:

	2023 $'000	2022 $'000
Within one year	37,574	37,107
One to five years	149,957	150,097
More than five years	290,764	328,200
	478,295	515,404

Note 29. Non-current liabilities - deferred tax

	2023 $'000	2022 $'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Prepayments	893	678
Development costs	481	577
Contract assets	184	89
Customer acquisition costs	594	537
Customer fulfilment costs	347	317
Right of return assets	201	185
	2,700	2,383
Amounts recognised in equity:		
Revaluation of property, plant and equipment	1,950	1,950
Deferred tax liability	4,650	4,333
Movements:		
Opening balance	4,333	2,143
Charged to profit or loss (note 6)	317	1,590
Charged to equity (note 6)	-	600
Closing balance	4,650	4,333

Note 30. Non-current liabilities - employee benefits

	2023 $'000	2022 $'000
Employee benefits	11,149	10,854

Note 31. Non-current liabilities - provisions

	2023 $'000	2022 $'000
Lease make good	1,475	1,070

Lease make good
The 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.

Note 31. Non-current liabilities - provisions (continued)

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

2023	Lease make good $'000
Carrying amount at the start of the year	1,070
Additional provisions recognised	550
Amounts transferred to current	(230)
Unwinding of discount	85
Carrying amount at the end of the year	1,475

Note 32. Equity - issued capital

	2023 Shares	2022 Shares	2023 $'000	2022 $'000
Ordinary shares - fully paid	80,000,000	80,000,000	80,000	80,000

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company 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 33. Equity - reserves

	2023 $'000	2022 $'000
Revaluation surplus reserve	4,550	4,550
Hedging reserve - cash flow hedges	(85)	(75)
	4,465	4,475

Revaluation surplus reserve
The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

Hedging reserve - cash flow hedges
The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Note 33. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current financial year are set out below:

	Revaluation surplus $'000	Hedging $'000	Total $'000
Balance at 1 July 2022	4,550	(75)	4,475
Revaluation - gross	-	(15)	(15)
Deferred tax	-	5	5
Balance at 30 June 2023	4,550	(85)	4,465

Note 34. Equity - retained profits

	2023 $'000	2022 $'000
Retained profits at the beginning of the financial year	27,568	15,019
Profit after income tax expense for the year	28,112	15,749
Dividends paid (note 35)	(4,000)	(3,200)
Retained profits at the end of the financial year	51,680	27,568

Note 35. Equity - dividends

Dividends
Dividends paid during the financial year were as follows:

	2023 $'000	2022 $'000
Final dividend for the year ended 30 June 2022 (2022: 30 June 2021) of 5 cents (2022: 4 cents) per ordinary share	4,000	3,200

Franking credits

	2023 $'000	2022 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	28,031	15,010

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 36. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2023 $	2022 $
Aggregate compensation	1,757,032	1,642,995

Note 37. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Accounting Firm 123, the auditor of the company:

	2023 $	2022 $
Audit services - Accounting Firm 123		
Audit of the financial statements	243,000	230,000
Other services - Accounting Firm 123		
Preparation of the tax return	12,950	12,400
	255,950	242,400

Note 38. Contingent liabilities

During the financial year there was a work related accident involving a member of staff. Although the investigation is still in progress, the directors are of the opinion, based on independent legal advice, that the company will not be found to be at fault and any compensation will be covered by the company's insurance policy. Accordingly, no provision has been provided within these financial statements.

The company has given bank guarantees as at 30 June 2023 of $3,105,000 (2022: $2,844,000) to various landlords.

Note 39. Commitments

	2023 $'000	2022 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	1,165	1,145

Note 40. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 36.

Transactions with related parties
The following transactions occurred with related parties:

	2023 $	2022 $
Payment for goods and services:		
Payment for services from key management personnel	81,238	67,905

Note 40. Related party transactions (continued)

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2023 $	2022 $
Current payables:		
Trade payables to key management personnel	7,108	6,388

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 41. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 42. Non-cash investing and financing activities

	2023 $'000	2022 $'000
Additions to the right-of-use assets	5,521	6,228
Leasehold improvements - lease make good	550	-
	6,071	6,228

FRS Large Proprietary Company Simplified Disclosures Pty Limited
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- 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 directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

____
Daniel Example
Director

24 August 2023
Sydney

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