United Lifestyle Group Networks Pty Ltd

ABN 35 139 763 830

Financial Statements

For the year ended 30 June 2015

ROTHSAY
CHARTERED ACCOUNTANTS

Rothsay Accounting Services
Chartered Accountants
Level 1/12 O'Connell Street
SYDNEY NSW 2000

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Directors' Declaration

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies prescribed in Note 1 to the financial statements.

The directors of the company declare that:

1. the financial statements and notes, present fairly the company's financial position as at 30 June 2015 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements;

2. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Anthony Ghattas
Director

Nicholas Ghattas
Director

Dated: 27 October 2016

ROTHSAY
CHARTERED ACCOUNTANTS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As auditor of United Lifestyle Group Networks Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Frank Vrachas
Partner

Rothsay Chartered Accountants

Sydney, 27 October 2016

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United Lifestyle Group Networks Pty Ltd

ABN 35 139 763 830
Trading Account
For the year ended 30 June 2015

	2015 $
Trading Income	
Amex	6,991
M/Card & Visa	53,393
Billing	2,133,751
Product	145,338
Professional Services	111,896
Freight & Storage	11,422
Other Income	126,341
International SIM Revenue	95,294
Total Trading Income	**2,684,428**
Cost of Sales	
Add:	
Opening Stock	122,685
Amex	6,554
M/Card & Visa	46,576
Bonus	29,819
Stock Adjustment	124,005
Wholesale Billing	1,387,731
Product / Services	305,913
Partner Airtime	(5,300)
3rd party Technician Fees	63,933
Billing costs	31,877
Bad Debts Expense	(2,037)
Lead Costs	32,948
Other (Non-Inventory)	73
Partner Discounts	(33)
	2,144,745
Less:	
Closing Stock	95,458
	95,458

United Lifestyle Group Networks Pty Ltd

ABN 35 139 763 830
Trading Account
For the year ended 30 June 2015

	2015 $
Cost of Sales	2,049,287
Gross Profit from Trading	635,141

United Lifestyle Group Networks Pty Ltd

ABN 35 139 763 830
Detailed Profit and Loss Statement
For the year ended 30 June 2015

	2015 $
Income	
Trading profit	635,141
Dividend Income	1,830
Interest received	3,421
Gain/Loss FX	1,131
Other Income	691,386
Total income	1,332,910
Expenses	
Accountancy	26,900
Advertising and promotion	5,381
Service Fee	65,070
Bank Fees And Charges	10,581
Development Expenses	1
Donations	100
Printing	503
Cleaning/rubbish removal	4,968
Contract payments	2,044
Marketing	47,751
Leasing Charges	446
Electricity	5,352
Cleaning & Waste Disposal	418
Realised Gain/Loss	900
Bad Debts	1,690
Executive Management Fee	80,000
Freight & Cartage	660
Computer Software	7,528
Web Development	8,427
IT Maintain & Support	91,643
Computer Hardware	2,592
Gas/Water	508
Insurance	2,508
Office Supplies	13,543

United Lifestyle Group Networks Pty Ltd

ABN 35 139 763 830
Detailed Profit and Loss Statement
For the year ended 30 June 2015

	2015 $
Palmer St Outgoing	1,039
Legal fees	9,290
Postage	171
Rent	87,267
Repairs & maintenance	4,752
Allowances	10,196
Other Employer Expenses	8,639
Payroll Tax Expenses	28,870
Replacements (tools, etc)	523
Security - Alarm System	0
Staff amenities	20,365
Training & Education	272
Subscriptions	634
Superannuation	98,226
Telephone & Fax	57,870
International Travel	28,061
Motor Vehicle Expenses	13,834
Workers' Compensation	2,226
Interest Expense	726
Depreciation	41,565
Software amortisation	139,374
Salary & Wages	799,009
Annual Leave Expense	67,297
Long Service Leave Expense	8,413
Total expenses	1,808,136
Profit (Loss) from Ordinary Activities before income tax	**(475,227)**

United Lifestyle Group Networks Pty Ltd

ABN 35 139 763 830
Balance Sheet as at 30 June 2015

	Note	2015 $
Assets		
Current Assets		
Cash assets	3	107,872
Receivables	4	1,343,963
Inventories	5	10,385
Current Tax Assets	7	800
Total Current Assets		**1,463,020**
Non-Current Assets		
Receivables	4	41,236
Other financial assets	6	30,000
Deferred Tax Asset	7	370,439
Property, plant and equipment	8	508,579
Total Non-Current Assets		**950,254**
Total Assets		**2,413,273**
Liabilities		
Current Liabilities		
Payables	9	821,964
Financial liabilities	10	659
Current tax liabilities	11	24,309
Provisions	12	119,852
Other	13	28,870
Total Current Liabilities		**995,654**
Non-Current Liabilities		
Financial liabilities	10	2,609,448
Deferred tax liabilities	11	127,043
Total Non-Current Liabilities		**2,736,492**
Total Liabilities		**3,732,146**
Net Assets (Liabilities)		**(1,318,872)**

United Lifestyle Group Networks Pty Ltd

ABN 35 139 763 830
Balance Sheet as at 30 June 2015

	Note	2015 $
Equity		
Issued capital	14	120
Retained profits / (Accumulated losses)		(1,318,992)
Total Equity (Deficiency)		**(1,318,872)**

Note 1: Summary of Significant Accounting Policies

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependant on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of the members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of the members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of the statements are as follows:

(a) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

(c) Property, Plant, Equipment and Intangibles

Property, plant and equipment are carried at cost, independent or directors' valuation. All assets, excluding freehold land and buildings, are depreciated over their useful lives to the company. Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the assets charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

(d) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

(e) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reasonably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(g) Revenue and Other Income

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognised related to the provision of services is determined with reference to the stage of completion of the transaction at the reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

(h) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

(j) Investments

Investments held are originally recognised at cost, which includes transaction costs. They are subsequently measured at fair value which is equivalent to their market bid price at the end of the reporting period. Movements in fair value are recognised through an equity reserve.

(k) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

	2015

Note 2: Revenue

Operating Activities:

Non-primary production trading revenue	2,684,428
Interest revenue	3,421
Other operating revenue:	
- Dividend Income	1,830
- Gain/Loss FX	1,131
- Other Income	691,386
	3,382,196

Note 3: Cash assets

Bank accounts:	
- Cash at CBA	1,338
- Cash at Westpac	1,836
- Commonwealth Bank Saver	8,806
- Bank Guarantee	54,150
- Cash at NAB	41,648
- Petty Cash Draw	94
	107,872

United Lifestyle Group Networks Pty Ltd

ABN 35 139 763 830
Notes to the Financial Statements
For the year ended 30 June 2015

	2015

Note 4: Receivables

Current

Trade and Other Receivables	1,176,980
Other Debtors	9,332
Loans - Related Party Loans	157,651
	1,343,963

Non-Current

Amounts receivable from:	
Loans - Related Party Loans	41,236
	41,236

Note 5: Inventories

Current

Inventory on Hand	10,385
	10,385

Note 6: Other Financial Assets

Non-Current

Shares in other companies - at cost:	
- Shares in other companies	30,000
	30,000
	30,000

United Lifestyle Group Networks Pty Ltd

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Notes to the Financial Statements
For the year ended 30 June 2015

	2015

Note 7: Tax Assets

Current

GST Paid	59,946
GST payable adjustment control account	(59,146)
	800

Non Current

Deferred Tax Asset	370,439
	370,439

Note 8: Property, Plant, Equipment and Intangibles

Furniture & Fixtures:	
- At cost	45,746
- Less: Accumulated depreciation	(2,049)
	43,697
Plant and equipment:	
- At cost	12,729
- Less: Accumulated depreciation	(5,614)
	7,115
Computer Software:	
- At cost	695,140
- Less: Accumulated amortisation	(252,548)
	442,592
Computer Equipment:	
- At cost	47,417
- Less: Accumulated depreciation	(32,242)
	15,175
	508,579

Note 9: Payables

	2015
Unsecured:	
- Trade creditors	587,104
- Other creditors	234,860
	821,964
	821,964

Note 10: Financial Liabilities

Current

	2015
Unsecured:	
- Other Financial Liabilities	659
	659
	659

Non-Current

	2015
Unsecured:	
Loans - Related Party Loans	2,609,448
	2,609,448
	2,609,448

	2015

Note 11: Tax Liabilities

Current

PAYG Withholding Payable	24,309
	24,309

Non-Current

Deferred Tax Liability	127,043
	127,043

Note 12: Provisions

Current

Employee entitlements	102,549
Sundry provisions	17,303
	119,852

Note 13: Other Liabilities

Current

Provision for Payroll Tax	28,870
	28,870

Note 14: Contributed Capital

	2015
120 Ordinary shares at $1.00 each fully paid	120

INDEPENDENT AUDITOR'S REPORT

To the members of United Lifestyle Group Networks Limited

Report on the Financial Report

We have audited the accompanying financial report of United Lifestyle Group Networks Limited, which comprises the balance sheet as at 30 June 2015, the detailed statement of profit or loss, and notes comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of United Lifestyle Group Networks Limited, would be the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of United Lifestyle Group Networks Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Rothsay Chartered Accountants

Frank Vrachas
Partner

Sydney, 27 October 2016