

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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Released under FOI Act 1982
Australian Charities and Not-for-profits Commission

Directors' Report

30 June 2022

The directors of Grok Academy Limited (Grok) present their report with respect to the results for the financial year ended 30 June 2022 and the state of Grok's affairs at that date.

Board of Directors

Grok's Constitution provides that the Board directs the affairs of Grok. In carrying out its responsibilities and exercising its powers, the Board recognises its overriding responsibility to act honestly, fairly, and diligently and in accordance with the law in serving the interests of Grok, including its members, volunteers, employees, and customers.

The following persons were Directors of Grok at any time during or since the end of the financial year:

- David Lowe (Chair)
- Sandra Milligan
- Josephine Napoli*
- Shirley Alexander
- Tara Murphy†
- Michael Battenally*
- Jasmin Chambers
- James Curran (CEO)

* commenced as Directors on 1 December 2022

† resigned as a Director on 16 December 2021

The directors listed above, except for the Chief Executive Officer, fulfil their duties in an honorary capacity and are not remunerated for their service.

Directors' Meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director. During the financial year, 6 meetings were held.

Name	Number of meetings attended	Number of meeting eligible to attend
David Lowe	6	6
James Curran	6	6
Tara Murphy	3	3
Shirley Alexander	6	6
Jasmin Chambers	6	6
Sandra Milligan	6	6

Note: Michael Battenally and Josephine Napoli were not eligible to attend meetings prior to 1 December 2022.

Purpose and strategy

Grok's purpose is:

to advance education and research by educating all learners in transformative computing knowledge, skills, and dispositions, empowering them to meet the challenges and seize the opportunities of the future.

Computing encompasses basic digital literacy through to advanced computer science and related disciplines, and the application of these skills across all disciplines.

The company's activities assist in achieving this purpose by:

- researching, developing and delivering educational technology for computing;
- undertaking scientific research into computing education and pedagogy;
- designing and delivering educational resources and programmes in computing;

- teaching and learning in computing;
- training and supporting educators in computing and its pedagogy;
- providing intellectual, technical, and practical leadership in computing education;
- providing expertise and consulting for computing curricula and their implementation;
- integrating the teaching of computing across all disciplines; and
- advocating for computing education for all learners, especially under-represented groups.

Principal activities and performance

The principal activities of the company during the financial year were to develop and deliver computing education resources and programmes to teachers and students across Australia and internationally. Our programmes are developed to encompass primary, secondary, and tertiary learners through their studies of computing and related disciplines. Together with its volunteers, stakeholders, and employees, Grok is committed to empowering all learners to develop and apply their skills.

There were no significant changes in the nature of the activities of the company during the year. The profit after tax of the company for the year ended 30 June 2022 was \$2,271,820.

Matters subsequent to the end of the financial year

Grok has secured two key partnerships during the FY22 financial year. These key relationships will see Grok grow and develop significantly over the next five years.

Grok signed a sponsorship with WiseTech Global towards the end of the FY22 year which will see WiseTech provide sponsorship to the amount of 1% of their profits to Grok for the next five years. This sponsorship will allow Grok to offer its platform free to all Australian schools, teachers, students, and parents from 2023. This sponsorship has also provided resourcing to allow Grok to scale our staffing in the beginning months of the new FY23 year.

The other major partnership will be with University of New South Wales with a Memorandum of Understanding signed with an Affiliation Agreement to follow which will drive key initiatives in the development of Next Gen Grok. This partnership will see a new and significant relationship for Grok that will drive engagement with UNSW.

The other key milestone achieved in the past financial year was the winding down of Grok Learning and transferring of all staff to Grok Academy. This allows the consolidation and simplification of all processes and staffing.

Work has continued developing relationships with our current financial partners in driving new phases of our projects. We continue to focus on consolidating our gains in schools following the pivot to online learning during the Covid-19 pandemic.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of Grok, the results of those operations or the state of affairs Grok in future financial years

Likely developments and expected results of operations

Information on likely developments in the operations of Grok 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 consolidated entity.

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Grok Academy Limited.

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.

Membership

The company is a not-for-profit company limited by guarantee and the company is prohibited from doing anything to change its not-for-profit status. In accordance with the constitution of the company, every member of the company undertakes to contribute an amount limited to \$50 per member in the event of the winding up of the Company during the time he or she is a member or within one year thereafter.

The number of members as at 30 June 2022 was 3. The total amount that members of the company are liable to contribute if the Company is wound up is \$150.

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.

Auditor's independence declaration

The auditor's independence declaration is set out on page 24 and forms part of the directors' report for financial year ended 30 June 2022.

This report is made in accordance with a resolution of the directors:

A handwritten signature in blue ink, appearing to read "D Lowe".

Name: David Lowe
Director

A handwritten signature in blue ink, appearing to read "James Curran".

James Curran
CEO, Director

Dated: 29/01/2023

29/1/2023

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME**
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
CLASSIFICATION BY NATURE			
Revenues from ordinary activities	2	6,796,975	1,576,547
Employee benefits expense		(3,010,817)	(604,891)
Depreciation		(259,515)	(32,806)
Other expenses from ordinary activities		(1,426,323)	(631,456)
Profit before income tax expense		2,100,321	307,394
Income tax benefit relating to investment activities	3	43,654	184,459
Profit after income tax benefit attributable to the member of the company		2,143,975	491,853
Extraordinary income	4	127,845	-
Total comprehensive income for the year		2,271,820	491,583

The accompanying notes form part of these financial statements.

BALANCE SHEET
AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,358,639	1,003,173
Receivables	6	3,039,346	939,119
Other assets	7	26,951	29,717
TOTAL CURRENT ASSETS		<u>4,424,936</u>	<u>1,972,009</u>
NON-CURRENT ASSETS			
Goodwill	8	29,401	29,401
Right-of-use assets	9	225,239	410,080
Property, plant and equipment	10	106,946	67,913
TOTAL NON-CURRENT ASSETS		<u>361,586</u>	<u>507,394</u>
TOTAL ASSETS		<u>4,786,521</u>	<u>2,479,403</u>
CURRENT LIABILITIES			
Payables	11	516,388	200,122
Provisions	12	645,143	126,623
Other liabilities	13	232,517	608,952
TOTAL CURRENT LIABILITIES		<u>1,394,049</u>	<u>935,697</u>
NON-CURRENT LIABILITIES			
Payables	11	-	250,000
Provisions	12	65,568	39,278
Other liabilities	13	99,507	298,651
TOTAL NON-CURRENT LIABILITIES		<u>165,075</u>	<u>587,929</u>
TOTAL LIABILITIES		<u>1,559,124</u>	<u>1,523,626</u>
NET ASSETS		<u>3,227,397</u>	<u>955,777</u>
FUNDS			
Reserves		463,724	463,924
Accumulated funds		2,763,673	491,853
TOTAL FUNDS		<u>3,227,397</u>	<u>955,777</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2022

	Reserves	Accumulated funds	Total
	\$	\$	\$
Balance 30 June 2020	-	-	-
Premium on consolidation	463,924	-	463,724
Surplus/(deficit) for the year	-	491,853	491,853
Balance 30 June 2021	463,924	491,853	955,777
Write off premium on consolidation	(200)		
Surplus/(deficit) for the year		2,271,820	2,271,820
Balance 30 June 2022	463,724	2,763,673	3,227,397

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities:			
Receipts from members and customers		5,016,676	1,383,794
Payments to suppliers and employees		(4,296,009)	(909,495)
Net cash inflow (outflow) from operating activities		720,667	474,299
Cash flows from investing activities:			
Purchase of property, plant and equipment		(113,707)	
Acquisition of subsidiary, net of cash acquired		-	528,208
Net cash inflow (outflow) from investing activities		(113,707)	528,208
Cash flows from financing activities:			
Payment of interest-bearing loan		(250,000)	-
Net cash inflow (outflow) from financing activities		(250,000)	-
Effect of exchange rate changes on cash		(1,494)	666
Net increase in cash held		355,466	1,003,173
Cash at the beginning of the financial year		1,003,173	-
Cash at the end of the financial year	4	1,358,639	1,003,173

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2022**

Note 1. Statement of 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 consolidated entity 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The consolidated entity has adopted AASB 1060 from 1 July 2020. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

General information and statement of compliance

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 not-for-profit oriented entities.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Reporting basis and conventions

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2022**

Note 1. Statement of significant accounting policies (Cont.)

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 20.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Grok Academy Limited ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Grok Academy Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

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

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

Foreign currency translation

The financial statements are presented in Australian dollars, which is Grok Academy Limited's Disclosures Limited's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2022**

Note 1. Statement of significant accounting policies (Cont.)

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

Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence of an arrangement exists and:

- there has been a transfer of risks and rewards to the customer;
- no further work or management is required by the company;
- the quantity and quality of the goods has been determined with reasonable accuracy;
- the price is fixed or determinable;
- collectability is reasonably assured.

Revenue from subscription revenue is generally recognised as performance obligations under contracts with customers are met.

Revenue from membership fees is recognised over the period to which the subscription relates. Membership fees received covering the period after reporting date are deferred until earned.

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.

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

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which is receivable from, or payable to, the ATO are classified as operating cash flows.

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

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2022**

Note 1. Statement of significant accounting policies (Cont.)

inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

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 consolidated entity'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.

Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year, together with benefits arising from wages and salaries, annual leave, and sick leave, which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Items with a maturity of more than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

Income tax

The company has been classified as a tax-exempt charitable institution under section 50-5 of the *Income Tax Assessment Act 1997*.

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2022**

Note 1. Statement of significant accounting policies (Cont.)

As a tax-exempt charitable institution, the company is entitled to claim a refund for imputation credits withheld on its dividend income. These credits are recognised as an income tax benefit in profit or loss.

Property, plant and equipment

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

Depreciation is recognised to write off the cost or valuation of assets 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.

The following useful lives are used in the calculation of depreciation:

- Plant and equipment 2–12 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2022**

Note 1. Statement of significant accounting policies (Cont.)

increased carrying amount does not exceed the carrying amount that could have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is recognised from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

Subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Provisions

Provisions are recognised when the entity has a legal or constructive obligation, because of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. 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, considering the risks and uncertainties surrounding the obligation.

Financial assets

Financial assets are recognised initially on the date at which the company becomes a party to the contractual provisions of the instrument.

The company derecognises the financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The company has the following financial assets: loans and receivables, cash and cash equivalents and available-for-sale financial assets.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2022**

Note 1. Statement of significant accounting policies (Cont.)

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Available-for-sale financial assets comprise equity securities. The fair value of available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date.

Financial liabilities

Financial liabilities are recognised initially on the date, which is the date that the company becomes a party to the contractual provisions of the instrument.

The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either settle on a net basis to realise the asset and settle the liability simultaneously.

The company classified financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise trade and other payables.

Comparative figures

As the company was established during the 2022 financial year, there are no comparative figures for inclusion within the report. As outlined in note 19, the Company acquired the shares in an existing trading company during the year and the figures for the subsidiary have been consolidated into the report from the date of acquisition onwards.

Critical accounting estimates

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

Note 1. Statement of significant accounting policies (Cont.)

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Application of new and revised Accounting Standards

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
Note 2. Income		
Revenues from ordinary activities comprises:		
Subscriptions	5,709,574	1,428,383
Sponsorship receipts	1,003,044	132,500
Rent received	65,952	15,664
Other income	18,405	-
	<u>6,796,975</u>	<u>1,576,547</u>
Note 3. Income tax benefit		
Components of income tax benefit comprise:		
Imputation credits	155,015	184,459
Income Tax	(111,361)	-
	<u>43,654</u>	<u>184,459</u>
Note 4. Extraordinary income		
NSW Government – COVID-19 Stimulus	127,845	-
	<u>127,845</u>	<u>-</u>
Note 5. Cash and cash equivalents		
Cash and cash equivalents	1,358,639	1,003,173
	<u>1,358,639</u>	<u>1,003,173</u>
Note 6. Receivables		
Trade debtors	2,943,195	777,621
Less Provision for doubtful debts	(58,864)	(65,000)
Other debtors	155,015	226,498
	<u>3,039,346</u>	<u>939,119</u>
Note 7. Other assets		
Prepayments	26,951	29,717
	<u>26,951</u>	<u>29,717</u>
Note 8. Goodwill		
Goodwill	29,401	29,401
	<u>29,401</u>	<u>29,401</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
Note 9. Right-of-use assets		
Right-of-use assets – property	641,065	606,918
Less accumulated depreciation	(415,826)	(196,838)
	<u>225,239</u>	<u>410,080</u>
Note 10. Property, plant and equipment		
Property, plant and equipment	380,033	299,133
Less accumulated depreciation	(273,088)	(231,220)
	<u>106,945</u>	<u>67,913</u>
Note 11. Payables		
Current liabilities		
Trade creditors	231,152	3,705
Goods and services tax payable	142,127	65,616
PAYG Withholding taxes payable	91,040	79,646
Superannuation payable	52,069	51,155
	<u>516,388</u>	<u>200,122</u>
Non-current liabilities		
Loans from related parties – Tara Murphy and James Curran	-	250,000
	<u>-</u>	<u>250,000</u>
Note 12. Provisions		
Current		
Employee entitlements	232,517	126,223
	<u>232,517</u>	<u>126,223</u>
Non-current		
Employee entitlements	65,568	39,278
	<u>56,568</u>	<u>39,278</u>



Grok Academy Limited
ABN: 31 643 542 054

Released under FOI Act 1982
Australian Charities and Not-for-profits Commission

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
Note 13. Other liabilities		
Current liabilities		
Deferred income	401,632	386,068
Lease liabilities	243,511	222,883
	<u>645,143</u>	<u>608,951</u>
Non-current liabilities		
Deferred income	79,129	57,624
Lease liabilities	20,378	241,027
	<u>99,507</u>	<u>298,651</u>

Note 14. Membership

The Company is a company limited by guarantee and without share capital. In accordance with the constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$50 per member in the event of the winding up of the Company during the time he or she is a member or within one year thereafter.

Note 15. Key management personnel compensation

During the financial year, directors received remuneration of \$196,522 in relation to management of the Company.

Note 16. Auditor's remuneration

Audit fee	7,000	-
	<u>7,000</u>	<u>-</u>

Note 17. Capital and leasing commitments

The Company has property related lease liabilities as follows:

Opening lease liabilities	463,910	-
Additions	32,794	606,918
Interest expense	3,047	4,274
Lease liability payments	(235,861)	(147,282)
Closing balance	<u>263,890</u>	<u>463,910</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

2022
\$

2021
\$

Note 18. Contingent liabilities

There are no contingent liabilities.

Note 19. Events after the reporting period

No matters or circumstances have arisen that may significantly affect the operations or the state of affairs of the Company in future periods.

Note 20. Related parties

In May 2022, Grok Learning Pty Ltd's assets and liabilities were acquired by the Company for a net purchase price of \$532,399. The intangible assets were transferred at fair value following an independent valuation with all other assets and liabilities transferred at their fair value. Following completion of the transfers, Grok Learning Pty Ltd paid a final dividend to the Company and was subsequently wound up on 27 June 2022.

During the 2022 financial year, a loan owing to a related party for \$250,000 was repaid in full.

Note 21. Parent entity information

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

Statement of profit or loss and other comprehensive income

Revenues from ordinary activities	5,847,381	1,413,406
Dividends Received	492,818	525,000
Employee benefits expense	(1,624,555)	(433,642)
Loss on sale of business	(199,806)	-
Other expenses from ordinary activities	(2,035,840)	(453,867)
Profit before income tax expense	<u>2,479,998</u>	<u>1,050,897</u>
Income tax benefit relating to investment activities	155,015	184,459
Profit after income tax benefit attributable to the member of the company	<u>2,635,013</u>	<u>1,235,356</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
Note 22. Parent entity information (Cont.)		
<u>Statement of financial position</u>		
Current assets	4,424,936	1,604,782
Non-current assets	1,004,558	1,401,952
Total assets	<u>5,429,494</u>	<u>3,006,734</u>
Current liabilities	1,394,048	522,591
Non-current liabilities	165,075	76,041
Total liabilities	<u>1,559,123</u>	<u>598,632</u>
Net assets	<u>3,870,371</u>	<u>2,408,102</u>
Revaluation reserve	-	1,172,746
Accumulated funds	3,870,371	1,235,356
Total equity	<u>3,870,371</u>	<u>2,408,102</u>

Note 21. Company details

The registered office and principal place of business of the Company is:

Level 1, 130-144 Cleveland Street
Chippendale, NSW, 2008

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 22 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with Accounting Standards – Reduced Disclosure Regime as described in Note 1 to the financial statements, the *Australian Charities and Not-for-profit Commission Regulation 2013* and
 - (b) give a true and fair view of the company's financial position as at 30 June 2022 and of the performance for the financial year ended on that date.
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.
3. In the directors' opinion the company is not publicly accountable.

This declaration is made in accordance with a resolution of the board of directors:

A handwritten signature in black ink, appearing to read "D Lowe".

David Lowe
Director

Dated: 29/01/2023

A handwritten signature in blue ink, appearing to read "James Curran".

James Curran
Director

29/1/2023

INDEPENDENT AUDIT REPORT TO THE MEMBERS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 AND SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS

I declare that, to the best of my knowledge and belief, during the financial year ended 30 June 2022 there have been:

1. no contraventions of the auditor's independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 and the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read "Gerard J Abrams", written over a horizontal line.

Benbow & Pike
Chartered Accountants
Suite 401, 54 Miller Street
North Sydney NSW 2060

Gerard J Abrams
Partner

Dated: 29 January 2023

INDEPENDENT AUDIT REPORT TO THE MEMBERS

Audit Report

We have audited the financial report of Grok Academy Limited for the financial year ended 30 June 2022, as set out on pages 6 to 24.

In our opinion the financial report of Grok Academy Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

1. giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
2. complying with Australian Accounting Standards – Reduced Disclosure Regime (including the Australian Accounting Interpretations), the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Directors Responsibility

The Company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Regime (including the Australian Accounting Interpretations), and the *Australian Charities and Not-for-profits Commission Act 2012*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the financial report, the directors are responsible for assessing the ability Grok Academy Limited, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

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 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.

INDEPENDENT AUDIT REPORT TO THE MEMBERS (Cont.)

Auditor's Responsibility (cont.)

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal controls of Grok Academy Limited.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability for Grok Academy Limited to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in black ink, appearing to read "Gerard J Abrams", with a large, stylized initial 'G'.

Benbow & Pike
Chartered Accountants
Suite 401, 54 Miller Street
NORTH SYDNEY NSW 2060

Gerard J Abrams
Partner

Dated 29 January 2023