



Grok Academy Limited
ABN: 31 643 542 054

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

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Directors' Report

30 June 2023

The directors of Grok Academy Limited (Grok) present their report with respect to the results for the financial year ended 30 June 2023 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:

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

* commenced as Directors on 1 December 2022

† resigned as a Director on 5 August 2023

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

Name	Number of meetings attended	Number of meeting eligible to attend
Shirley Alexander	6	6
Michael Battenally	6	6
Jasmin Chambers	6	6
James Curran	6	6
David Lowe	6	6
Sandra Milligan	6	6
Josephine Napoli	6	6

Committee Meetings

The following table outlines the number of committee meetings held during the financial year and the number of meetings attended by each director. The committees of the Board are the Audit and Risk Committee and the Remuneration Committee.

Audit and Risk Committee

Name	Number of meetings attended	Number of meeting eligible to attend
Shirley Alexander	3	3
Sandra Milligan	3	3
Josephine Napoli	3	3

Remuneration Committee

David Lowe	3	3
Jas Chambers	3	3

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 loss after tax of the company for the year ended 30 June 2023 was \$5,046,180 (2022 profit \$2,635,013).

Matters subsequent to the end of the financial year

As reported in our directors' report for the FY22 year Grok secured sponsorship from WiseTech Global (WTG) which provides 1% of WTG profit to support Grok's activities. This sponsorship funds "Free Grok" for all Australians and replaces revenue previously driven by our subscription model. Free Grok has been highly successful and has driven substantial growth and engagement with the learning platform. It has seen an increase in schools, teachers and students using Grok. We have seen strong growth in our core competition, the NCSS Challenge, which had previously only been accessible via subscription. We have also seen increased uptake in our python coding courses. We believe this growth will continue over the 5-year sponsorship agreement. The WTG sponsorship has allowed for

greater impact and brand awareness. Free Grok has been so successful that we are now planning to launch Free Grok in Aotearoa New Zealand to help grow and consolidate our position in Aotearoa New Zealand.

Unfortunately, our affiliation agreement with University of New South Wales (UNSW), following the signing of the Memorandum of Understanding in 2022, has been delayed due to unforeseen circumstances. The delay of the affiliation agreement has seen a corresponding delay in funding flowing to Grok. To mitigate the financial impact of this delay Grok has secured a finance facility in the form of loan. This loan will facilitate continued work on Next Gen Grok as we continue to negotiate the affiliation agreement. The conditions of the loan agreement are such that repayment is not required until such time as Grok secures deductible gift recipient (DGR) status.

Grok has now commenced work towards gaining DGR status. A philanthropic revenue strategy is being developed in conjunction with a self-sustaining revenue approach. The impacts of this will become apparent as we move into FY24.

In addition to the WTG sponsorship, we have the continued support of our other industry and financial partnerships. The benefits of these relationships continue to drive our impact and engagement with all learners, thus supporting our purpose. This has been particularly strong in our Schools Cyber Security Challenges as we reached our 500,000 unique student enrolment in our cyber security challenges. We are working closely with our partners to move into new phases of these projects to maintain our market share in these key areas of learning for all.

Another key milestone achieved this financial year was the development and submission of Grok's first Reconciliation Action Plan (RAP). The first phase in reconciliation is a Reflect RAP and we see this as a key platform to drive our engagement with Aboriginal and Torres Strait Islander learners.

Other key areas of development are growth in our early childhood and lower primary strategy. We see this driving our purpose to reach all learners.

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 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 2023 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 25 and forms part of the directors' report for financial year ended 30 June 2023.

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


Name: David Lowe

Director


Name: James Curran

CEO, Director

Dated: 21/12/23

21 December 2023

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023	2022
		\$	\$
CLASSIFICATION BY NATURE			
Revenues from ordinary activities	2	7,574,833	6,495,214
Employee benefits expense		(7,875,115)	(1,624,555)
Depreciation		(304,562)	(21,815)
Other expenses from ordinary activities		(4,441,336)	(2,014,025)
Profit before income tax expense		<u>(5,046,180)</u>	<u>2,834,819</u>
Income tax benefit relating to investment activities		-	-
Profit/(loss) after income tax benefit attributable to the member of the entity		<u>(5,046,180)</u>	<u>2,834,819</u>
Extraordinary income (expense)	3	-	(199,806)
Total comprehensive Profit/(loss) for the year		<u>(5,046,180)</u>	<u>2,635,013</u>

The accompanying notes form part of these financial statements.

BALANCE SHEET
AS AT 30 JUNE 2023

	Note	2023	2022
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	3,582,523	1,358,639
Receivables	5	324,705	3,039,346
Other assets	6	192,646	26,951
TOTAL CURRENT ASSETS		<u>4,099,874</u>	<u>4,424,936</u>
NON-CURRENT ASSETS			
Intangible assets	7	662,401	662,401
Right-of-use assets	8	19,326	225,239
Property, plant and equipment	9	386,562	116,918
TOTAL NON-CURRENT ASSETS		<u>1,068,289</u>	<u>1,004,558</u>
TOTAL ASSETS		<u>5,168,163</u>	<u>5,429,494</u>
CURRENT LIABILITIES			
Payables	10	855,500	516,389
Provisions	11	639,870	232,516
Other liabilities	12	774,676	645,143
TOTAL CURRENT LIABILITIES		<u>2,270,046</u>	<u>1,394,048</u>
NON-CURRENT LIABILITIES			
Payables	10	4,000,000	-
Provisions	11	71,566	65,568
Other liabilities	12	2,360	99,507
TOTAL NON-CURRENT LIABILITIES		<u>4,073,926</u>	<u>165,075</u>
TOTAL LIABILITIES		<u>6,343,972</u>	<u>1,559,123</u>
NET ASSETS		<u>(1,175,809)</u>	<u>3,870,371</u>
FUNDS			
Accumulated funds		<u>(1,175,809)</u>	<u>3,870,371</u>
TOTAL FUNDS		<u>(1,175,809)</u>	<u>3,870,371</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2023

	Accumulated funds	Total
	\$	\$
Balance 30 June 2021	<u>1,235,358</u>	<u>1,235,358</u>
Profit/(loss) for the year	2,635,013	2,635,013
Balance 30 June 2022	<u>3,870,371</u>	<u>3,870,371</u>
Profit/(loss) for the year	(5,046,180)	(5,046,180)
Balance 30 June 2023	<u>(1,175,809)</u>	<u>(1,175,809)</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities:			
Receipts from members and customers		10,605,395	3,868,358
Payments to suppliers and employees		(12,031,339)	(2,743,120)
Net cash inflow (outflow) from operating activities		<u>(1,425,944)</u>	<u>1,125,238</u>
Cash flows from investing activities:			
Purchase of property, plant and equipment		(352,967)	(363,972)
Dividends received		-	1,017,818
Purchase of intellectual property		-	(633,000)
Net cash inflow (outflow) from investing activities		<u>(352,967)</u>	<u>20,846</u>
Cash flows from financing activities:			
Repayment of related party loan		-	(393,890)
Principal draw down on loan facility		4,000,000	-
Net cash inflow (outflow) from financing activities		<u>4,000,000</u>	<u>(393,890)</u>
Effect of exchange rate changes on cash		2,795	727
Net increase in cash held		2,223,884	752,921
Cash at the beginning of the financial year		1,358,639	605,718
Cash at the end of the financial year	4	<u>3,582,523</u>	<u>1,358,639</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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.

The financial statements cover Grok Academy Limited as an individual entity. The entity previously owned 100% of the share capital in Grok Learning Pty Ltd and therefore prepared consolidated financial statements. Grok Learning Pty Ltd was wound up during the 2022 financial year and as such the entity is no longer required to prepare consolidated financial statements. The 2022 figures outlined in this report are those of the entity and do not include any consolidated figures.

New or amended Accounting Standards and Interpretations adopted

The 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 entity.

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

Conceptual Framework for Financial Reporting (Conceptual Framework)

The 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 entity's financial statements.

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

The 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 entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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

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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Grok Academy 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

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 entity;
- 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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

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 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 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 entity'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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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

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. Benefits that 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 entity to employee superannuation funds and are charged as expenses when incurred.

Income tax

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

As a tax-exempt charitable institution, the entity 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
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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 entity 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 entity 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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

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 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 entity becomes a party to the contractual provisions of the instrument.

The entity 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 entity is recognised as a separate asset or liability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when and only when, the entity 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 entity 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.

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 entity'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 entity becomes a party to the contractual provisions of the instrument.

The entity 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 entity has a legal right to offset the amounts and intends either to settle on a net basis to realise the asset and settle the liability simultaneously.

The entity 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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

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 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.

Application of new and revised Accounting Standards

The 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.

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 2023

	2023	2022
	\$	\$
Note 2. Income		
Revenues from ordinary activities comprises:		
Subscriptions	2,177,273	4,799,546
Sponsorship receipts	5,319,968	1,003,044
Rent received	68,620	-
Other income	8,972	692,624
	<u>7,574,833</u>	<u>6,495,214</u>
Note 3. Extraordinary income (expense)		
Loss on divestiture of Grok Learning Pty Ltd	-	(199,806)
	<u>-</u>	<u>(199,806)</u>
Note 4. Cash and cash equivalents		
Cash and cash equivalents	3,582,523	1,358,639
	<u>3,582,523</u>	<u>1,358,639</u>
Note 5. Receivables		
Trade debtors	286,052	2,943,195
Less Provision for doubtful debts	(3,212)	(58,864)
Other debtors	41,865	155,015
	<u>324,705</u>	<u>3,039,346</u>
Note 6. Other assets		
Prepayments	192,646	26,951
	<u>192,646</u>	<u>26,951</u>
Note 7. Intangible assets		
Goodwill	29,401	29,401
Intellectual Property	633,000	633,000
	<u>662,401</u>	<u>662,401</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$	
	Right to use asset - cost \$	Accumulated depreciation \$	Total \$
Note 8. Right-of-use assets			
Right-of-use assets – property	257,891	242,565	
Less accumulated depreciation	<u>(238,565)</u>	<u>(17,326)</u>	
	<u>19,326</u>	<u>225,239</u>	
Balance 30 June 2022	<u>242,565</u>	<u>(17,326)</u>	<u>225,239</u>
Rental adjustment due to interest rates and inflation	15,326	-	15,326
Depreciation	-	<u>(221,239)</u>	<u>(221,239)</u>
Balance 30 June 2023	<u>257,891</u>	<u>(238,565)</u>	<u>19,326</u>
Note 9. Property, plant and equipment			
Property, plant and equipment	474,374	121,407	
Less accumulated depreciation	<u>(87,812)</u>	<u>(4,489)</u>	
	<u>386,562</u>	<u>116,918</u>	
Balance 30 June 2022	<u>121,407</u>	<u>(4,489)</u>	<u>116,918</u>
Additions	352,967	-	352,967
Depreciation	-	<u>(83,322)</u>	<u>(83,322)</u>
Balance 30 June 2023	<u>474,374</u>	<u>(87,812)</u>	<u>386,562</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
Note 10. Payables		
Current liabilities		
Trade creditors	285,054	231,153
Goods and services tax payable	-	142,127
PAYG Withholding taxes payable	256,246	91,040
Superannuation payable	314,200	52,069
	<u>855,500</u>	<u>516,389</u>

Non-current liabilities

Interest free loan	4,000,000	-
	<u>4,000,000</u>	<u>-</u>

In May 2023 a funding agreement was entered into for a principal sum of \$10,000,000. As at 30 June 2023 drawdowns of \$4,000,000 had been made. The facility is interest free, and the principal is repayable upon the earlier of the following events:

- (i) the entity receiving at least the equivalent sum drawn down under an agreement anticipated to be made between the entity and an appropriate DGR entity acting as donor/grantor; or
- (ii) the entity securing DGR status and receiving at least the equivalent sum drawn down under this facility from any donor.

As such any repayment of the loan will be funded from new resources and not from the entity's existing resources.

Note 11. Provisions

Current

Employee entitlements	639,870	232,516
	<u>639,870</u>	<u>232,516</u>

Non-current

Employee entitlements	71,566	65,568
	<u>71,566</u>	<u>56,568</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
Note 12. Other liabilities		
Current liabilities		
Deferred income	752,456	401,632
Lease liabilities	22,220	243,511
	<u>774,676</u>	<u>645,143</u>
Non-current liabilities		
Deferred income	2,360	79,129
Lease liabilities	-	20,378
	<u>2,360</u>	<u>99,507</u>

Note 13. Membership

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

Note 14. Key management personnel compensation

During the financial year, directors received remuneration of \$243,100 in relation to management of the Entity.

Note 15. Auditor's remuneration

Audit fee	14,000	7,000
	<u>14,000</u>	<u>7,000</u>

Note 16. Capital and leasing commitments

The Entity has property related lease liabilities as follows:

Opening lease liabilities	263,890	463,910
Additions	-	32,794
Interest expense	5,827	3,047
Lease liability payments	(247,497)	(235,861)
Closing balance	<u>22,220</u>	<u>263,890</u>

Note 17. Contingent liabilities

There are no contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2023	2022
\$	\$

Note 18. Events after the reporting period

The following events have occurred after 30 June 2023 but prior to the date of this report and may significantly affect the operations or the state of affairs of the Entity:

- (i) In August 2023 the entity has renewed its lease of the premises at 130/144 Cleveland Street, Chippendale, NSW, 2088. The lease commenced in August 2023 for two years with a two-year option to renew. The monthly commitment in the first year is approximately \$22,300 plus GST.
- (ii) A variation to the existing funding arrangement has been entered into in November 2023. This increases the facility to \$20,000,000. The facility remains interest free however the repayment terms have been amended such that amounts only become repayable following the receipt of an amount being received by the Entity from the lender or their associates in the form of a donation either directly or indirectly. Previously a repayment could be triggered following the receipt of a donation from any party.

As at the date of this report, an amount of \$12,000,000 has been drawn down on this facility.

Note 19. Related parties

In May 2022, Grok Learning Pty Ltd's assets and liabilities were acquired by the Entity 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 Entity and was subsequently wound up on 27 June 2022.

The final dividend received by the entity was \$492,818.

Prior to the above-mentioned transaction in May 2022, the entity paid a service fee to Grok Learning Pty Ltd totalling \$961,924 for the use of the subsidiary's staff and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2023	2022
\$	\$

Note 20. Going concern

The directors acknowledge the entity has a deficiency of assets as at 30 June 2023 however with the financial agreements in place and internal steps taken by management, the board of directors are satisfied the entity will be able to continue to satisfy its obligations as and when they fall due. The directors emphasise a funding facility of \$10,000,000 is available to the entity and is on terms that only require repayment upon receiving an equivalent amount of the drawn down facility from a deductible gift recipient (DGR) or through obtaining its own DGR status and receiving an equivalent amount of the drawn facility. More detail regarding this can be found in Note 10.

Furthermore, the directors have received commitments that the funding facility is supported until such time as the DGR status can be obtained and should that not eventuate for any reason, then steps have been taken by management to ensure the entity can reduce its commitments to be able to meet its obligations as and when they fall due.

It is for these reasons the directors form their opinion.

Note 21. Entity details

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

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

DIRECTORS' DECLARATION

The directors of the entity declare that:

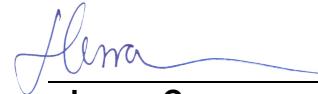
1. The financial statements and notes, as set out on pages 7 to 23 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with Accounting Standards – Reduced Disclosure Regime as described in Note 1 to the financial statements, the *Australian Charities and Not-for-profit Commission Regulation 2013* and
 - (b) give a true and fair view of the entity's financial position as at 30 June 2023 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 entity will be able to pay its debts as and when they become due and payable.
3. In the directors' opinion the entity is not publicly accountable.

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



David Lowe
Director

Dated: 21/12/23



James Curran
Director

21 December 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 2023 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.

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

Gerard J Abrams
Partner

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 2023, as set out on pages 7 to 25.

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 2023 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.

Benbow & Pike
Chartered Accountants
Suite 401, 54 Miller Street
NORTH SYDNEY NSW 2060
2023

Gerard J Abrams
Partner
Dated