Star Minerals Limited ACN 648 048 631

Pro forma consolidated statement of financial position as at 30 June 2021

Historical statement of financial position and pro forma historical statement of financial position

	Note	Audited 30-Jun-21 $	Subsequent events Unaudited 30-Jun-21 $	Pro forma adjustments Unaudited 30-Jun-21 $	Pro forma Unaudited 30-Jun-21 $
Assets					
Current assets					
Cash and cash equivalents		240,393	3,081	3,803,078	4,046,552
Trade and other receivables		867	-	-	867
Total current assets		**241,260**	**3,081**	**3,803,078**	**4,047,419**
Non-current assets					
Exploration and evaluation		-	-	3,679,422	3,679,422
Total non-current assets		**-**	**-**	**3,679,422**	**3,679,422**
Total assets		**241,260**	**3,081**	**7,482,500**	**7,726,841**
Liabilities					
Current liabilities					
Trade and other payables		242,851	(235,000)	-	7,851
Borrowings		11,919	(11,919)	-	-
Total current liabilities		**254,770**	**(246,919)**	**-**	**7,851**
Non-current liabilities					
Borrowings		-	-	-	-
Total non-current liabilities		**-**	**-**	**-**	**-**
Total liabilities		**254,770**	**(246,919)**	**-**	**7,851**
Net assets		**(13,510)**	**250,000**	**7,482,500**	**7,718,990**
Equity					
Issued capital		1,601	250,000	7,446,944	7,698,545
Accumulated losses		(15,111)	-	(116,444)	(131,555)
Reserves		-	-	152,000	152,000
Total equity		**(13,510)**	**250,000**	**7,482,500**	**7,718,990**

1. Subsequent events adjustments

The pro forma historical statement of financial position has been prepared on the basis that the following subsequent events have occurred subsequent to the period ended 30 June 2021:

- the Group borrowed an additional $3,919 from Stephen Strubel (a Director). This loan, together with the existing $8,000 loan from Stephen Strubel (totalling $11,919) has subsequently been called and settled by the Company; and

- between 4 June 2021 and 30 June 2021, $235,000 was received and subsequent to year end, 15,000 was received $250,000 in share subscription advances from investors for seed capital. 5,000,000 Shares were issued on 7 July 2021 at $0.05 per Share.

2. Pro forma adjustments

The pro forma historical statement of financial position set out above contains the following pro forma adjustments to the historical statement of financial position. This reflects the expected impact of capital raising proposed under this Prospectus as follows:

- The offer is an initial public offering of 25,000,000 fully paid ordinary shares in the capital of the Company (Shares) at an issue price of $0.20 per Share to raise $5,000,000 with one free-attaching New Option for every 2 New Shares subscribed for, having an exercise price of $0.30 and an expiry date of 3 years from the date of grant. The Public Offer is reflected in the pro-forma adjustments to the Pro-forma Statement of Financial Position as an increase to cash and cash equivalents and an increase to issued capital.

- Costs of the Offers include payment of ASX and ASIC fees, broker fees, legal fees, independent expert reports and other Offer related costs. The approximate costs and the costs directly attributable to capital raising, are offset against contributed equity, with the remaining costs of the Offers expensed through accumulated losses as per the offerings:

Total Costs**	$502,000
Cost directly attributable to the capital raising under the Offers*	$385,556
Costs to go through accumulated losses	$116,444

* This includes 2,000,000 Options that may be issued to Mandated Brokers, valued at $152,000, with an exercise price of $0.30 and an expiry date of 3 years from the date of grant date. The cash costs of the Offers amount to $517,503.

** Bryah Resources Limited has paid $166,753 from the costs of the Offers and it was mutually agreed that Star Minerals only has to reimburse $55,000 of these expenses to them.

- Payment of the consideration under the Tumblegum South Project entered on 8 March 2021 between the Company, White Star, Australian Vanadium Limited (AVL) and Bryah Resources by way of the issue of 9,000,000 Shares at an issue price of $0.20 ($1,800,000 worth of Shares), and the payment of $5,000 and $500,000 in cash to AVL and Bryah Resources respectively towards reimbursement of expenditure in developing and conducting exploration works on the project. The Share price is based on the issue price of Shares offered to the public under the Public Offer (Public Offer Price) of $0.20 per Share. This is reflected in the pro-forma adjustments to the Pro-forma Historical Statement of Financial Position as a decrease to cash and cash equivalents of $505,000, an increase to exploration and evaluation assets of $2,305,000 and an increase in contributed equity of $1,800,000.

- In addition to the above, the following classes of Performance Rights are to be granted by the Company, and are subject to the following terms:
  - 3,000,000 Performance Rights (Class A Performance Rights) in the capital of the Company to Bryah Resources, which vest at the announcement by the Company to ASX of a measured Mineral Resource in compliance with the JORC Code 2012 in relation to Tenement M51/888 within 5 years of issue of the performance rights; and
  - 4,000,000 Performance Rights (Class B Performance Rights) in the capital of the Company to Bryah Resources, which vest at the commencement of commercial gold production in relation to Tenement M51/888 within 5 years of issue of the performance rights.

- The above contingent considerations are not reflected in the pro-forma adjustments to the pro-forma historical statement of financial position due to early stage of exploration of the project. BDO Corporate Finance (WA) Pty Ltd has prepared an Independent Expert Report in relation to the Performance Rights to be issued by Star. The Independent Expert has concluded that that they were “unable to opine on the value of a Share should the Milestones be met”.

- Payment of the consideration under the West Bryah Project entered on 8 March 2021 between the Company, Jalein Pty Ltd, Pinny Pty Ltd, Pet FC Pty Ltd and Bryah Resources by way of the issue of 6,000,000 Shares at an issue price of $0.20 ($1,200,000 worth of Shares). The Share price is based on the issue price of Shares offered to the public under the Public Offer (Public Offer Price) of $0.20 per Share. This is reflected in the pro-forma adjustments to the Pro-forma Historical Statement of Financial Position as an increase to exploration and evaluation assets of $1,200,000 and an increase in contributed equity of $1,200,000.

- Payment of stamp duty of $174,422 in respect of transfer duty on acquisition of above tenements. This is reflected in the pro-forma adjustments to the Pro-forma Historical Statement of Financial Position as an increase to exploration and evaluation assets of $174,422 and decrease in cash of $174,422.

- Issue of 2,000,000 New Options to any Mandated Broker exercisable at $0.30 with an expiry date of three years from the date of grant. The options have been valued according to the HoadleyESO2 and the value so derived works out to $0.076 per option. Accordingly, the total options value amounts to $152,000. This is reflected in the pro-forma adjustments to the Pro-forma Historical Statement of Financial Position as an increase to Reserves of $152,000 and a decrease in contributed equity of $152,000.

- 2,500,000 Performance Rights (Class B Performance Rights) in the capital of the Company were issued to the directors of the Company as per their engagement agreements under Company’s Employee Incentive Plan. These Performance Rights vest at the commencement of commercial gold production in relation to Tenement M51/888 within 5 years of issue of the performance rights. However these contingent considerations are not reflected in the pro-forma adjustments to the pro-forma historical statement of financial position due to early stage of exploration of the project. The Independent Expert has prepared an Independent Expert Report in relation to the Performance Rights to be issued by the Company. The Independent Expert has concluded that that they were “unable to opine on the value of a Share should the Milestones be met”.

3. Statement of significant accounting policies

The significant accounting policies adopted in the preparation of the historical financial information and pro forma historical statement of financial position included in this Section are set out in Annexure A.

4. Notes to the historical financial information and pro forma historical statement of financial position

1 Cash and cash equivalents

	Audited 30-Jun-21 $	Pro forma Unaudited 30-Jun-21 $
Cash and cash equivalents	240,393	4,046,552
Star Minerals cash and cash equivalents as at 30 June 2021		240,393
Subsequent events are summarised as follows:		
Issue of Promoter Shares		
Seed Capital Raise		15,000
Loans paid		(11,919)
		3,081
Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:		
Proceeds from the IPO		5,000,000
Amounts payable to Vendors on acquisition of Tenements for reimbursement of exploration expenses		(505,000)
Transfer duty on acquisition of tenements in Tumblegum and West Bryah projects		(174,422)
Cash costs associated with the IPO		(517,500)
		3,803,078
Pro forma cash and cash equivalents		**4,046,552**

2 Exploration and evaluation

	Audited 30-Jun-21 $	Pro forma Unaudited 30-Jun-21 $
Exploration and evaluation	-	3,679,422
Star Minerals exploration and evaluation as at 30 June 2021		-
Subsequent events are summarised as follows:		
Nil		-
		-
Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:		
Issue of Vendor Shares		3,000,000
Amounts payable to Vendors on acquisition of Tenements for reimbursement of exploration expenses		505,000
Transfer duty on acquisition of tenements in Tumblegum and West Bryah projects		174,422
Issue of Vendor Class A Rights		-
Issue of Vendor Class B Rights		-
		3,679,422
Pro forma exploration and evaluation		**3,679,422**

3 Issued Capital

	Pro forma Unaudited 30-Jun-21 No. of Shares	Pro forma Unaudited 30-Jun-21 $
Issued share capital	45,000,001	7,698,545
Star Minerals issued capital as at 30 June 2021	1	1,601
Subsequent events are summarised as follows:		
Seed Capital Raise	5,000,000	250,000
	5,000,000	250,000
Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:		
Proceeds from the IPO	25,000,000	5,000,000
Cash costs associated with the IPO	-	(401,056)
Issue of Vendor Shares	15,000,000	3,000,000
Issue of Broker Options		(152,000)
	40,000,000	7,446,944
Pro forma issued share capital	**45,000,001**	**7,698,545**

4 Accumulated losses

	Audited 30-Jun-21 $	Pro forma Unaudited 30-Jun-21 $
Accumulated losses	(15,111)	(131,555)
Star Minerals accumulated losses as at 30 June 2021		(15,111)
Subsequent events are summarised as follows:		
Nil		-
		-
Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:		
IPO costs expensed		(116,444)
		(116,444)
Pro forma accumulated losses		**(131,555)**

5 Reserves

	Audited 30-Jun-21 $	Pro forma Unaudited 30-Jun-21 $
Reserves	-	152,000
Star Minerals reserves as at 30 June 2021		-
Subsequent events are summarised as follows:		
Nil		-
		-
Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:		
Issue of Broker Options		152,000
Issue of Vendor Class A Rights		-
Issue of Vendor Class B Rights		-
		152,000
Pro forma reserves		**152,000**

5. Date of Proforma Consolidated Statement

This pro forma consolidated statement of financial position is issued:

20 October 2021

Annexure A
Notes to the historical financial information and pro forma historical statement of financial position

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

New or amended Accounting Standards and Interpretations adopted

The Group 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.

Going concern

For the 4-month period ended 30 June 2021, the Group incurred a net loss of $15,111, had operating cash outflows of $8,126 and had net liabilities of $13,510. As at 30 June 2021, the Group's cash and cash equivalents balance was $240,393.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

In arriving at this position, the directors considered the following:

- The net liabilities include a $235,000 liability relating to share subscriptions received in advance from investors forming part of a capital raising completed subsequent to the end of the reporting period. On 7 July 2021, the Company completed a $250,000 capital raising and issued 5 million ordinary shares to investors at $0.05 per share,
- The net liabilities include an unsecured and non-interest bearing director loan of $11,919 which was repaid in full from the proceeds of the capital raising referred to above, and
- The Company has executed purchase agreements with Bryah Resources Limited and Australian Vanadium Limited to acquire the Tumblegum South Gold and West Bryah exploration licences. The conditions precedent to execution of the agreements require the Company to undertake an IPO and to list on ASX by 31 January 2022. For further information refer to note 13 'Contingent liabilities'. Should the Company not achieve ASX listing by the due date, management will investigate other suitable projects.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

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.

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 Group'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.

The Group's current accounting period is from incorporation of Star Minerals Ltd on 18 February 2021 to 30 June 2021. Accordingly, there is no comparative period.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 15.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Star Minerals Limited ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the period then ended. Star Minerals Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group 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 Group.

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.

Where the Group 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 Group 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.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

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

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

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

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Group has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

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

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Star Minerals Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group has not yet

assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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 Group 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 Group 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 Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

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

Income tax

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

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Operating segments

Based on the information used for internal reporting purposes by the chief operating decision maker (directors of the Company) the Company operated in one reportable segment during the period.

The reportable segment financial information is therefore the same as the statement of financial position and the statement of comprehensive income.