



SkinKandy Holdings Pty Ltd

ABN 80 636 484 814

Consolidated Annual Financial Report

For the financial year ended 1 July 2023

Contents

Directors Report	3
Audit Independence Declaration	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors Declaration	35
Independent Auditor's Report	36

Directors Report

The Directors present their report together with the financial statements of SkinKandy Holdings Pty Ltd (the "Company") for the year ended 1 July 2023.

1. Directors

The Directors of the Company at any time during or since the end of the financial year are:

Mark Oliphant	Appointed 27/09/2019	
Oliver Kirkland	Appointed 22/11/2019	Resigned 29/09/2022
Gregory Garvin	Appointed 22/11/2019	
David Bortolussi	Appointed 27/09/2019	
Richard Whiteoak	Appointed 29/09/2022	

2. Environmental regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

The Company monitors compliance with environmental regulations. The Directors are not aware of any significant breaches during the period covered by their report.

3. Principal activities

The principal activities of the Company during the financial year were body piercing and jewellery retailing.

There were no significant changes in the nature of the activities of the Company during the year.

4. Review of operations and results of those operations

OVERVIEW OF THE COMPANY

The profit/(loss) of the Company after income tax is \$4,594,669 (2022: \$1,388,706). The Directors are satisfied with the performance and operations of the Company during the financial year.

As at the end of the financial year, SkinKandy operates 50 stores throughout Australia across Queensland, New South Wales, Victoria, South Australia, Australian Capital Territory and Western Australia, as well as an online store.

A total of eight new stores were added to the network in 2023.

REVIEW OF OPERATIONS

The Company achieved strong growth in revenue during the year driven by like-for-like growth in comparable stores, growth in new stores opened in the prior year annualizing during the period, sales from new stores opened during the period and online sales growth.

Profitability improved during the period mainly due to the contribution from increased sales at similar gross margins, and an improved wages to sales ratio.

Cash flow during the period was strong with a high rate of cash conversion from operations funding investment in new store openings and other business improvement projects whilst maintaining a strong balance sheet.

Directors Report

5. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

6. Dividends - Declared and paid during the year 2023

	Dividend per share	Total amount	Date of payment
Final ordinary	0.04	500,000	7/08/2022
Final ordinary	0.06	750,000	9/05/2023

7. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

8. Likely developments

The Company will continue to pursue its strategy of expanding its store network in Australia. The Company has plans for further geographic expansion through adding store locations throughout Australia and in new markets over time. The Company will also look to grow sales through continuously improving its service offering, increasing its product range, developing its people and building efficiencies through operational improvement initiatives.

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

9. Director's interest and share options

The relevant interest of each Director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the Directors at the date of this report is as follows:

	Ordinary shares
Mr M Oliphant	2,025,000

During the year 1 July 2023, unsecured loans from Directors were \$24,307 (2022: \$438,844).

Directors Report

10. Indemnification and insurance of officers and auditors

INDEMNIFICATIONS

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

INSURANCE PREMIUMS

During the financial year the Company has paid premiums in respect of Directors' and officers' liability and legal expenses insurance contracts for the period 3 July 2022 to 1 July 2023 and since the period, the Company has paid premiums in respect of such insurance contracts for the period 3 July 2022 to 1 July 2023. Such insurance contracts insure against certain liability (subject to specific exclusions) for persons who are or have been Directors or executive officers of the Company.

The Directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the Directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

11. Proceedings on behalf of the Group

There are no current proceedings on behalf of the Company.

12. Auditor's independence declaration

The Lead Auditor's independence declaration is set out on page 6 and forms part of the Directors report for the financial year ended 1 July 2023.



Mark Oliphant
Director
Date: 7/5/2024



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of SkinKandy Holdings Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of SkinKandy Holdings Pty Ltd for the financial year ended 1 July 2023 there have been:

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

KPMG

KPMG

A handwritten signature in black ink that reads 'Patrice Scott'.

Patrice Scott

Partner

Sydney

7 May 2024

Statement of Profit or Loss and Other Comprehensive Income

For the period 3 July 2022 to 1 July 2023

	Note	2023 \$	2022 \$
Revenue	2	38,618,041	26,192,889
Cost of Sales		(4,754,875)	(4,002,108)
Gross Profit		33,863,166	22,190,781
Administration and Marketing Expenses		(1,443,215)	(1,624,322)
Depreciation and Amortisation		(4,424,985)	(3,506,385)
Employment Expenses		(16,408,252)	(10,756,723)
Occupancy Expenses		(656,290)	(552,066)
Shared Based Payments		(22,793)	-
Other Expenses		(4,981,878)	(4,144,026)
Other Income	3	667,514	586,955
Operating Profit		6,593,267	2,194,214
Finance Income		75,198	11,081
Less: Interest Expense		(520,938)	(346,969)
Net finance costs		(445,740)	(335,888)
Profit before Income Tax		6,147,527	1,858,326
Income Tax	4	(1,552,858)	(469,620)
Profit for the year		4,594,669	1,388,706
Total Comprehensive Income		4,594,669	1,388,706

Statement of Financial Position

As at 1 July 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	5,949,701	4,669,056
Trade and Other Receivables	6	219,025	94,105
Inventories	7	3,060,362	2,543,367
Other Current Assets	8	913,796	772,384
Total Current Assets		10,142,884	8,078,912
NON CURRENT ASSETS			
Property, Plant and Equipment	9	17,306,010	13,586,218
Intangibles	10	8,746,003	8,746,003
Deferred Tax Assets	11	1,511,087	1,229,274
Total Non Current Assets		27,563,100	23,561,495
Total Assets		37,705,984	31,640,407
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	12	2,011,452	1,704,629
Borrowings	13	4,068,092	3,048,411
Current Tax Liabilities	14	339,290	682,954
Provisions	15	313,008	348,443
Other Current Liabilities	16	2,000,772	1,415,865
Total Current Liabilities		8,732,614	7,200,302
NON CURRENT LIABILITIES			
Borrowings	13	8,597,989	7,487,000
Provisions	15	533,984	418,000
Other Liabilities	16	-	61,170
Total Non Current Liabilities		9,131,973	7,966,170
Total Liabilities		17,864,587	15,166,472
Net Assets		19,841,397	16,473,935
EQUITY			
Share Capital	18	13,059,108	13,059,108
Reserves	19	22,793	-
Retained Earnings	21	6,759,496	3,414,827
Total Equity		19,841,397	16,473,935

Statement of Changes in Equity

For the period 3 July 2022 to 1 July 2023

	Share Capital	Share Based Payments Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2021	13,059,108	-	2,026,121	15,085,229
COMPREHENSIVE INCOME				
Profit for the Year	-	-	1,388,706	1,388,706
Total Comprehensive Income	-	-	1,388,706	1,388,706
Balance at 30 June 2022	13,059,108	-	3,414,827	16,473,935
COMPREHENSIVE INCOME				
Profit for the Year	-	-	4,594,669	4,594,669
Total Comprehensive Income	-	-	4,594,669	4,594,669
DIVIDENDS AND DISTRIBUTIONS				
Dividend Paid	-	-	(1,250,000)	(1,250,000)
Total Dividends and Distributions	-	-	(1,250,000)	(1,250,000)
Transfers to Reserves	-	22,793	-	22,793
Balance at 30 June 2023	13,059,108	22,793	6,759,496	19,841,397

Statement of Cash Flows

For the period 3 July 2022 to 1 July 2023

	Note	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers		41,585,175	28,216,237
Cash Paid to Suppliers and Employees		(30,761,974)	(20,858,899)
Interest Received		75,198	11,081
Cash Generated from Operations		10,898,399	7,368,419
Income Taxes Paid		(2,178,334)	(890,061)
Net Cash from Operating Activities		8,720,065	6,478,358
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment		(3,241,075)	(3,543,815)
Proceeds from Sale of Property, Plant and Equipment		39,854	16,546
Net Cash used in Investing Activities		(3,201,221)	(3,527,269)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of Lease Liabilities		(2,988,199)	(2,243,054)
Payment of Dividends		(1,250,000)	-
Net Cash used in Financing Activities		(4,238,199)	(2,243,054)
Net Increase in Cash and Cash Equivalents		1,280,645	708,035
Cash and Cash Equivalents at the Beginning of the Year		4,669,056	3,961,021
Cash and Cash Equivalents at the End of the Year	5	5,949,701	4,669,056

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

Note 1 Accounting Policies

REPORTING ENTITY

SkinKandy Holdings Pty Ltd (the 'Company') is domiciled in Australia. The Group's registered office is at Level 11 Corporate Centre One, BUNDALL, QLD, 4217.

The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group')

The Company is a for-profit entity and is primarily involved in body piercing and jewellery retailing.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

These consolidated financial statements are general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the Corporation Act 2001. They have been prepared in accordance with Australia Accounting Standards - Simplified Disclosures made by the Australian Accounting Standards Board and the Corporations Act 2001.

These consolidated financial statements were authorised for issue by the board of Directors as of the date of the Directors Declaration.

Details of the Group's accounting policies are included below.

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

USE OF JUDGEMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in the following notes:

- Leases: Note 1 and Note 24
- Goodwill impairment: Note 1 and Note 10
- Provisions: Note 1 and Note 15
- Inventory: Note 1
- Property, plant and equipment: Note 1, Note 9 and Note 21
- Share-based payments: Note 1 and Note 19

The resulting accounting estimates will, by definition, seldom equal the related actual results. Management believes the assumptions that have been adopted are reasonable and supportable.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

A number of other new standards are also effective from 1 July 2022, but they do not have a material effect on the Group's financial statements.

BASIS OF CONSOLIDATION

i. Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries as at 1 July 2023. Control is achieved when the Consolidated Entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Consolidated Entity controls an investee if, and only if, the Consolidated Entity has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Consolidated Entity has less than a majority of the voting or similar rights of an investee, the Consolidated Entity considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Consolidated Entity's voting rights and potential voting rights.

The Consolidated Entity re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Consolidated Entity obtains control over the subsidiary and ceases when the Consolidated Entity loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Consolidated Entity gains control until the date the Consolidated Entity ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of a subsidiary to bring their accounting policies into line with the Consolidated Entity's accounting policies.

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Consolidated Entity are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Consolidated Entity loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

ii. Transactions eliminated on consolidation

Balances and any unrealised gains and losses or income and expenses arising from transactions between the Company and its subsidiaries for which the Consolidated Entity is a member, are eliminated in preparing the consolidated financial statements.

FUNCTIONAL & PRESENTATION CURRENCY

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. Rounding is performed on all display values to the nearest dollar. Note totals may differ to the items above as totals are rounded independently.

GOING CONCERN

The Group's financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. As at 1 July 2023, the Group had a net asset position of \$19,841,397 (2022: 16,473,935) and net current assets of \$1,410,271 (2022: \$817,440).

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current facility. Under this scenario, the Group and its related entities will have access to adequate funds to meet its debts as and when they fall due.

After making inquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

INCOME TAX

Income tax (expense) / benefit comprises current and deferred tax. Income tax expense / (benefit) is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax liability arising from dividends.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Consolidated Entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax Consolidation

The Company and its wholly-owned Australian resident entities have formed an income tax consolidated group with effect from 1 July 2021 and are therefore taxed as a single entity from that date. The head entity of the income tax consolidated group is SkinKandy Holdings Pty Ltd. The members of the income tax consolidated group are identified in Note 23.

Tax (expense) / income, deferred tax assets, and deferred tax liabilities arising from temporary differences of the members of the income tax consolidated group are recognised in the separate financial statements of the members of the income tax consolidated group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the income tax consolidated group are recognised by the Company (as head entity of the income tax consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the income tax consolidated group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the income tax consolidated group in accordance with the arrangement.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

PROPERTY PLANT & EQUIPMENT

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Property Improvements	3 – 6 years
Plant and Equipment	3 – 12 years
Fixtures and Fittings	2 – 10 years
Motor vehicles	5 – 8 years
Office furniture and equipment	3 – 12 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

LEASES

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- Fixed lease payments less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

- Lease payments under extension options if lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset. Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Right of use (ROU) assets for operating leases relate to the lease of retail space and warehousing with contract terms of one to ten years and are presented as part of the Company's property plant and equipment per Note 9.

The Company recognises lease liabilities in relation to leases which undo AASB16 Leases. These liabilities are measured at the present value of remaining lease payments, discounted using the lessee's incremental borrowing rate. The lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2023 was 4% - 8%.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Consolidated Entity's consolidated statement of financial position when the Consolidated Entity becomes a party to the contractual provisions of the instrument.

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL) depending upon the business model for managing the financial asset and the nature of the contractual cash flow characteristics of the financial asset. Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable transaction costs. Subsequently, other investments and derivatives are carried at fair value, and trade receivables are carried at amortised cost adjusted for any loss allowance.

Financial liabilities are initially recognised at the fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortised cost.

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

INTANGIBLES

i. Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is tested annually for impairment.
Research and development	Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably the product or process is technically and commercially feasible, future economic benefit are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight- line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv. Non-Financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of any depreciation or amortisation.

EMPLOYEE BENEFITS

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Share-based payment arrangements

The fair value of the amount payable to employees in respect of share appreciation rights (SARs), which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognised in profit or loss.

iii. Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

PROVISIONS

A provision is recognised if, as a result of a past event, the Consolidated Entity has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

SHARE CAPITAL

Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with AASB 112.

CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

REVENUE & OTHER INCOME

Revenue is measured at fair value of the consideration received or receivable.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of control of the goods and the cessation of all involvement in those goods.

Revenue from services is recognised when performance obligations have been satisfied.

The Company primarily generates revenue from providing body piercing services and the sale of jewellery.

Revenue from the sale of these goods is recognised when control over the inventory has transferred to the customer. Control is generally considered to have passed when:

- Physical possession and inventory risk is transferred;
- Payment terms for the sale of goods can be clearly identified through invoices issued to customers; and
- The customer has no practical ability to reject the product where it is within contractually specified limits.

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

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

GOODS AND SERVICES TAX (GST)

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 taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

COMPARATIVE AMOUNTS

Certain comparative information has been restated to ensure consistent treatment with current year numbers.

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at the transaction price (i.e. cost). Most sales are made on the basis of normal credit terms and do not bear interest. Receivables are not discounted to present value.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. Debts are written off once attempts at recovery of the debt have ceased.

TRADE AND OTHER PAYABLES

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

INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from derecognition of an intangible asset is measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

FINANCE INCOME AND FINANCE COSTS

The Group's finance income and finance costs include:

- interest income;
- interest expense;

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

	2023	2022
	\$	\$
Note 2 Revenue and Other Income		
REVENUE		
Sales	38,618,041	26,192,889
Total	38,618,041	26,192,889

Information about the performance obligations arising from revenue, including a description of when the entity typically satisfies its performance obligations, the significant payment terms, the nature of the goods and services provided, obligations for returns, refunds and other similar obligations, and types of warranties and related obligations is provided together with the accounting policies for revenue in Note 1. This note also details the methods used to recognise revenue for performance obligations satisfied over time.

	2023	2022
	\$	\$
Note 3 Other income		
OTHER INCOME		
Gain/(loss) on Lease Surrender/Termination	48,968	-
Other Revenue	618,546	586,955
Total Other Income	667,514	586,955

	2023	2022
	\$	\$
Note 4 Income tax		
AMOUNTS RECOGNISED IN PROFIT OR LOSS		
Income Tax	1,552,858	469,620
Total Amounts Recognised in Profit or Loss	1,552,858	469,620

	2023	2022
	\$	\$
RECONCILIATION OF PRIMA-FACIE INCOME TAX TO TAX EXPENSE		
Profit before Tax	6,147,527	1,858,326
Tax using the Company's Domestic Tax Rate	1,536,882	464,582
Non-Deductible Expenses	15,976	5,038
Income Tax Expense	1,552,858	469,620

The standard rate of tax applied to taxable profit is 25% (2022: 25%).

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

MOVEMENT IN DEFERRED TAX BALANCES

	2023	2022
	\$	\$
DEFERRED TAX ASSETS / (LIABILITIES) RECOGNISED		
Deferred Tax Asset	1,511,087	1,229,274
Total Deferred Tax Asset / (Liability) at 25%	1,511,087	1,229,274

DEFERRED TAX ASSET / (LIABILITIES) COMPRISE OF TEMPORARY DIFFERENCE ATTRIBUTABLE TO:

Property, Plant and Equipment	279,548	35,350
Right of Use Assets	(2,546,962)	(2,030,968)
Make Good Asset	(72,726)	(70,033)
Prepayments	(164,376)	-
Accruals and Provisions	732,280	586,471
Lease Liabilities	3,160,443	2,524,142
Other	122,880	184,312
Deferred Tax Asset / (Liability)	1,511,087	1,229,274

MOVEMENTS:

Opening Balance	1,229,274	835,970
Charged to Profit or Loss	281,813	393,304
Closing Balance	1,511,087	1,229,274

The Directors have considered the recognition requirements of the Australian Accounting Standards in relation to deferred tax assets. At 1 July 2023 a deferred tax asset of \$1,511,087 (2022: \$1,229,274) has been recognised as the Directors consider that it is probable that future taxable profits will be available against which the Company can utilise the benefits of the deferred tax asset.

	2023	2022
	\$	\$
Note 5 Cash and cash equivalents		
Cash and Bank Balances	5,949,701	4,669,056
	5,949,701	4,669,056

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

	2023	2022
	\$	\$
Note 6 Trade and Other Receivables		
CURRENT		
Sundry Debtors	-	800
Trade Debtors	219,025	93,305
Total Current Trade and Other Receivables	219,025	94,105

	2023	2022
	\$	\$
Note 7 Inventories		
CURRENT		
Finished Goods	3,074,482	2,648,748
Provision for Stock Obsolescence	(264,875)	(264,875)
Stock in Transit	250,755	159,494
Total Current Inventories	3,060,362	2,543,367

	2023	2022
	\$	\$
Note 8 Other Current Assets		
Other Assets	21,972	43,466
Undeposited Funds	6,170	1,346
Prepayments	657,502	504,824
Accrued Income	-	19,223
Deposit Paid	46,830	-
Rebate Provision	181,322	203,525
Total Other Current Assets	913,796	772,384

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

Note 9 Property, plant and equipment

Property, Plant and Equipment

	Right of Use Asset	Property Improvements & Make Good Assets	Plant & Equipment	Motor Vehicles	Office Furniture and Equipment	Furniture and Fittings	Total
RECONCILIATION OF CARRYING AMOUNT							
Gross carrying amount	11,244,666	6,893,035	245,965	189,011	417,464	760,863	19,751,004
Accumulated depreciation and impairment losses	(3,120,794)	(2,302,638)	(199,867)	(74,137)	(93,495)	(373,855)	(6,164,786)
Net carrying amount at 3 July 2022	8,123,872	4,590,397	46,098	114,874	323,969	387,008	13,586,218
Additions	5,857,170	2,959,243	-	-	159,676	122,160	9,098,249
Depreciation	(2,917,323)	(1,269,666)	(13,829)	(28,008)	(110,084)	(86,079)	(4,424,989)
Disposals	-	(67,434)	-	-	(3,572)	(6,589)	(77,595)
Lease incentives received	(919,553)	-	-	-	-	-	(919,553)
Revaluations	43,680	-	-	-	-	-	43,680
Net carrying amount at 1 July 2023	10,187,846	6,212,540	32,269	86,866	369,989	416,500	17,306,010
BALANCE AT 1 JULY 2023:							
Gross carrying amount	15,481,629	9,669,575	115,352	189,011	569,305	840,440	26,865,312
Accumulated depreciation and impairment losses	(5,293,783)	(3,457,035)	(83,083)	(102,145)	(199,316)	(423,940)	(9,559,302)
Net carrying amount at 1 July 2023	10,187,846	6,212,540	32,269	86,866	369,989	416,500	17,306,010

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

	2023	2022
	\$	\$
Note 10 Intangibles Assets and Goodwill		
INTANGIBLES		
Domain Name	47,096	47,096
Goodwill	8,698,907	8,698,907
Total Intangibles	8,746,003	8,746,003
	Goodwill	Domain Name
	Total	

MOVEMENT IN CARRYING AMOUNT

Balance at 3 July 2022	8,698,907	47,096	8,746,003
Balance at 1 July 2023	8,698,907	47,096	8,746,003

The Group has assessed its cash-generating units (CGUs) for impairment at the end of the period. The recoverable amount of the CGUs has been calculated using the FVLCO approach based on a discounted cash flow model. The future cash flows were discounted using a post-tax weighted cost of capital ('WACC') for the Skinkandy group of 11%. The cash flow forecasts cover a period of 5 years with a terminal growth rate thereafter. The terminal growth rate, being 2.5%, was determined based on management's estimate of the long-term annual EBITDA growth rate for the Skinkandy Group. The cashflow forecasts are initially based on the FY2024 Board approved budget, with forecasts beyond year one taking into consideration:

- Historical revenue growth and EBITDA margins achieved by each CGU; and
- Estimated cashflows related to new growth including capital expenditure to support these activities.

During the current period, no impairment was recognised.

	2023	2022
	\$	\$
Note 11 Deferred Tax Assets		
Deferred Tax Asset	1,511,087	1,229,274
Total Deferred Tax Assets	1,511,087	1,229,274

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

		2023	2022
		\$	\$
Note 12 Trade and Other Payables			
CURRENT			
PAYROLL LIABILITIES			
Accrued Wage Liability		367,960	234,951
PAYG Withholding Payable		221,185	262,111
Superannuation Payable		390,004	318,899
Payroll Tax Payable		78,974	150,902
Total Payroll Liabilities		1,058,123	966,863
Trade Creditors		449,687	300,452
Goods and Services Tax		503,642	437,314
Total Current		2,011,452	1,704,629
Note 13 Loans and Borrowings			
	Note	2023	2022
		\$	\$
CURRENT			
Lease Liabilities		4,068,092	3,048,411
Total Current		4,068,092	3,048,411
NON-CURRENT			
Related Party Loans	17	24,307	438,844
Lease Liability		8,573,682	7,048,156
Total Non-Current		8,597,989	7,487,000
Note 14 Current Tax Liabilities			
		2023	2022
		\$	\$
Provision for Income Tax		339,290	682,954
Total Current Tax Liabilities		339,290	682,954
Note 15 Provisions			
		2023	2022
		\$	\$
CURRENT			
Provision for Employee Leave		313,008	348,443
Total Current		313,008	348,443

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

	2023	2022
	\$	\$
Note 15 Provisions		
NON-CURRENT		
Provision for Make Good	533,984	418,000
Total Non-Current	533,984	418,000

	2023	2022
	\$	\$
Note 16 Other Liabilities		
OTHER CURRENT LIABILITIES		
Accrued Expenses	358,505	206,869
Other Liabilities	1,642,267	1,208,996
Total Other Current Liabilities	2,000,772	1,415,865

OTHER LIABILITIES		
Other Liabilities	-	61,170
Total Other Liabilities	-	61,170

Other liabilities include unredeemed gift cards and revenue from contracts with customers received in advance of recognition which primarily relate to the outstanding redemption of loyalty points.

Note 17 Related Parties

A. Transactions with key management personnel

I. KEY MANAGEMENT PERSONNEL COMPENSATION

	2023	2022
	\$	\$
Aggregate Key Management Personnel Compensation	865,420	505,373
	865,420	505,373

II. KEY MANAGEMENT PERSONNEL TRANSACTIONS

	SK Aus	SK Ord	Total
Rent payments to Donnaphant Holdings Pty Ltd ATF The Oliphant Family Trust	167,843	8,830	176,673
Total	167,843	8,830	176,673

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

Throughout the period SkinKandy Australia Pty Ltd and SkinKandy Ordering Pty Ltd paid rent to Donnaphant Holdings Pty Ltd ATF The Oliphant Family Trust, controlled by a director. Amounts were billed based on market rates and due and payable under normal payment terms.

B. Other related party transactions

	Transaction values for the year ended 30 June		Balance outstanding as at 30 June	
	2023	2022	2023	2022
Consulting fees	364,996	240,000	49,500	49,500

The Company used the consulting services of Director's in relation to ongoing operational and strategic advice. Amounts were billed based on market rates for such services and were due and payable under normal payment terms.

LOANS FROM RELATED PARTIES

	2023	2022
	\$	\$
NON-CURRENT		
Loan - Director	24,308	438,844
Total Non-Current	24,308	438,844

During the year 1 July 2023, unsecured loans from Directors were \$24,308 (2022: \$438,844).

	2023	2022
	\$	\$

Note 18 Share Capital

SHARE CAPITAL

13,500,000 Fully Paid Ordinary Shares	13,059,108	13,059,108
Total Share Capital	13,059,108	13,059,108

FULLY PAID ORDINARY SHARES

	Number of Shares Qty	Share Capital \$
Balance at 3 July 2022	13,500,000	13,059,108
Issue of Shares	-	-
Balance at 1 July 2023	13,500,000	13,059,108

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

FRANKING CREDITS

The amount of franking credits available to shareholders as at 1 July 2023 is \$6,345,601 (2022: \$4,782,531).

		2023	2022
Note 19 Reserves	Note	\$	\$
Share Based Payments Reserve	20	22,793	-
Total Reserves		22,793	-

Note 20 Share-based Payment Arrangements

A. DESCRIPTION OF SHARE-BASED PAYMENT ARRANGEMENTS

The share-based payments reserve is used to separately account for the grant of share options to key management personnel of the SkinKandy Group under the management equity plan. Under this plan, these employees are offered to buy shares in the ultimate controlling entity SkinKandy Holdings Pty Ltd and are offered a non-recourse loan from the Group to do so. These shares vest upon the satisfaction of a variety of terms including the sale of the Group.

The key terms and conditions related to the grants under these programmes are as follows; all options are to be settled by the physical delivery of shares, unless otherwise approved by the Board.

i. Share option programmes (equity-settled)

The key terms and conditions related to the grants under these programmes are as follows; all options are to be settled by the physical delivery of shares.

Grant date/employees entitled	Number of instruments in thousands	Vesting conditions
OPTIONS GRANTED TO KEY MANAGEMENT PERSONNEL		
3 April 2023 - Tranche 1	430,851	Service vesting conditions
3 April 2023 - Tranche 2	430,851	Performance vesting conditions
Total share options at 1 July 2023	861,702	

The non-recourse loan provided by the Group is required to be repaid at the earlier of the date of exit event, the date when management equity plan shares are compulsorily divested by the Group, or the date which is nine years and 360 days after the loan is advanced to the employee.

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

B. MEASUREMENT OF FAIR VALUES

i. *Equity-settled share-based payment arrangements*

The fair value of the employee share purchase plan has been measured using a Monte Carlo simulation. The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

Expected volatility has been based on an evaluation of the historical volatility of the Group's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

C. RECONCILIATION OF OUTSTANDING SHARE OPTIONS

The number and weighted-average exercise prices of share options under the share option programmes and replacement awards were as follows.

	2023	
	Number of options	Weighted-average exercise price
BALANCE AT 3 JULY 2022	-	-
Granted during the year	861,702	1.74
Forfeited during the year	-	-
Exercised during the year	-	-
Balance at 1 July 2023	861,702	1.74

	2023	2022
	\$	\$
SHARE BASED PAYMENTS RESERVE		
Share Based Payments Reserve	22,793	-
Total Share Based Payments Reserve	22,793	-

	2023	2022
	\$	\$
Note 21 Retained Earnings		
Opening Balance	3,414,827	2,026,121
Current Year Earnings	4,594,669	1,388,706

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

	2023	2022
	\$	\$
Note 21 Retained Earnings		
DIVIDENDS AND DISTRIBUTIONS		
Dividend Paid	(1,250,000)	-
Total Dividends and Distributions	(1,250,000)	-
Total Retained Earnings	6,759,496	3,414,827

Note 22 List of Subsidiaries

Set out below is a list of material subsidiaries of the Company.

Name of Company	2023	2022	Principal place of business
SkinKandy Australia Pty Ltd	100%	100%	Australia
SkinKandy (VIC) Pty Ltd	100%	100%	Australia
SkinKandy (QLD) Pty Ltd	100%	100%	Australia
SkinKandy Southern Pty Ltd	100%	100%	Australia
SkinKandy Ordering Pty Ltd	100%	100%	Australia
SkinKandy Franchising Pty Ltd	100%	100%	Australia
SkinKandy IP Pty Ltd	100%	100%	Australia

Note 23 Leases

A. LEASES AS LESSEE

The Group leases retail facilities. The lease typically runs for a period of 5-6 years without options to renew.

Currently, there are 52 commenced leases that have been executed in Queensland, New South Wales, Victoria, South Australia, Australian Capital Territory and Western Australia. The Group's operations are based out of a property in the Sunshine Coast.

i. Right-of-Use Assets

Right-of-use assets related to leased properties are presented as property, plant and equipment.

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

Note 23 Leases (continued)

Total

Balance at 3 July 2022	8,123,872
Additions to Right-of-Use Assets	5,857,170
Lease Incentives Received	(919,553)
Depreciation Charge for the Year	(2,917,323)
Gain or Loss and Revaluation	43,681
Balance at 1 July 2023	10,187,847

ii. Lease liabilities

Balance at 3 July 2022	10,096,567
Additions to Right-of-Use Assets	5,857,170
Interest Charges	520,691
Repayments (including interest)	(3,907,752)
Variable Lease Payment Adjustments	75,098
Balance at 1 July 2023	12,641,774

	2023	2022
Current	4,068,092	3,048,411
Non-Current	8,573,682	7,048,156
	12,641,774	10,096,567

iii. Amounts recognised in profit and loss

2023

Total

Interest on Lease Liabilities	520,691
Total	520,691

iv. Amounts recognised in cash flows

iii. Future Lease Payments

Total

Interest on Lease Liabilities	520,691
Principal Element of Lease Payments	3,387,061
Total cash outflow for leases	3,907,752

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

Note 23 Leases (continued)

The total of future lease payments (including those lease payments that are not included in the measurement of the lease liability, e.g. for short-term leases and leases of low-value items) are disclosed for each of the following periods.

	2023	2022
	\$	\$
Less than one year	4,173,916	3,113,525
One to five years	9,704,139	7,674,665
More than five years	175,175	139,770
	14,053,230	10,927,960

Note 24 Financial Instruments

ACCOUNTING CLASSIFICATIONS

The following table shows the carrying amounts of financial assets and financial liabilities.

	2023	2022
	\$	\$
FINANCIAL ASSETS MEASURED AT AMORTISED COST		
Trade Receivables	219,025	94,105
Cash and Cash Equivalents	5,949,701	4,669,056
	6,168,726	4,763,161
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST		
Loan from Director	(24,308)	(438,844)
Trade Payables	(2,011,452)	(1,704,629)
Credit Cards	2,762	-
	(2,032,998)	(2,143,473)

Notes to the Financial Statements

For the period 3 July 2022 to 1 July 2023

Note 25 Parent entity disclosures

As at, and throughout, the financial year ended 1 July 2023 the parent entity of the Group was SkinKandy Holdings Pty Ltd.

	2023	2022
RESULT OF PARENT ENTITY		
Profit for the period	758,488	857
	758,488	857
FINANCIAL POSITION OF PARENT ENTITY AT YEAR END		
Current assets	1,473,280	1,704,498
Total assets	17,632,301	15,189,306
Current liabilities	351,094	682,951
Total liabilities	4,100,337	1,516,924
TOTAL EQUITY OF THE PARENT ENTITY COMPRISING OF:		
Share capital	13,058,892	13,058,892
Retained earnings	121,978	613,491
Total equity	13,180,870	13,672,383
	2023	2022

Note 26 Auditor's Remuneration

AUDIT AND REVIEW SERVICES

Audit and Review of Financial Statements - Group	63,000	90,000
	63,000	90,000

OTHER SERVICES

Taxation Advice and Tax Compliance Services	45,000	-
	45,000	-

KPMG were appointed as auditors for the 2023 financial year and there were no tax services provided by the previous auditor.

Directors Declaration

In the opinion of the Directors of SkinKandy Holdings Pty Ltd (the "Company"):

- a) The Company is not publicly accountable;
- b) The consolidated financial statements and notes, as set out in these financial statements, are prepared in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of the Group's financial position at 1 July 2023 and of its performance for the financial year ended on that date;
 - ii. Complying with Australian Accounting Standards - Simplified Disclosure Requirements and the Corporations Regulations 2001.
- c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Mark Oliphant
Director
Date: **7/5/24**



Independent Auditor's Report

To the Directors of SkinKandy Holdings Pty Ltd

Opinion

We have audited the **Financial Report** of SkinKandy Holdings Pty Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 1 July 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Simplified Disclosures* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 1 July 2023
- Consolidated statements of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes to the consolidated financial statements including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other Information

Other Information is financial and non-financial information in SkinKandy Holdings Pty Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Simplified Disclosures* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf This description forms part of our Auditor's Report.



KPMG



Patrice Scott

Partner

Sydney

7 May 2024