

Commerce Australia Pty Ltd

ABN 94 073 927 769

Annual Report - 30 June 2020

Commerce Australia Pty Ltd
Directors' report
30 June 2020

The directors present their report, together with the financial statements, on Commerce Australia Pty Ltd (referred to hereinafter as "the company") for the year ended 30 June 2020.

Directors

The following persons were directors during the whole of the financial year and up to the date of this report, unless otherwise stated:

Joseph Hanna – Appointed on 13 March 2020
Sam Antony Sidney Plowman – Appointed on 13 March 2020
Robert Alexander Doyle – Appointed on 27 November 2017, Ceased on 13 March 2020
Anthony George Blamey – Appointed on 18 April 2019, Ceased on 13 March 2020

Principal activities

During the financial year, the principal continuing activities of the company consisted of providing a Customer Relationship Management (CRM) tool to real estate agents in Australia, New Zealand and Indonesia. MyDesktop is the leading real estate industry CRM tool in ANZ, with features covering the whole property and contact life cycle. MyDesktop offers its products on a SaaS basis to customers in ANZ and Indonesia with training and support on an ongoing basis.

Dividends

Dividends paid during the financial year were as follows:

	2020 \$	2019 \$
In FY 2020 an unfranked dividend of 274.393 dollars per ordinary share was declared and paid. (2019: nil)	<u>5,407,868</u>	<u>-</u>

Review of operations

The profit for the company after providing for income tax amounted to \$1,224,408 (30 June 2019: \$1,615,139).

Significant changes in the state of affairs

Change in ownership

On 13 March 2020, Domain Holdings Australia Limited, the parent company, sold 100% of the shares in the Company to Real Estate CRM Pty Ltd (ACN 639 096 156). Consequently, as at 30 June 2020 and at the time of this report, Real Estate CRM Pty Ltd is the Company's parent and owns 100% of the ordinary shares in the Company.

Commerce Australia Pty Ltd had been acquired from Domain Holdings Group on a cash and debt-free basis, meaning any related parties' loans, payables and receivables were to be settled prior to the transaction, along with any non-working capital items such as tax and GST payable up until the date of the transaction would be extinguished by the seller. The settlement occurred by way of a dividend payment made by Commerce Australia Pty Ltd to Domain Holdings Australia Limited on 11 March 2020.

There were no other significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

Impact of COVID-19

As at the date of signing this financial report the company's financial position has not been significantly affected by Coronavirus (COVID-19) pandemic. However, the COVID-19 pandemic is ongoing and therefore the extent and full impact of this pandemic on the company's results for the financial year 2021 and its operations cannot be reliably estimated or quantified. The situation is rapidly developing and is dependent upon measures imposed by the Australian Government such as maintaining social distancing requirements, travel restrictions and any economic stimulus that may be provided to support the businesses.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the parent entity paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Joseph Hanna
Director

25 September 2020

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Commerce Australia Pty Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO
Partner

Dated: 25 September 2020
Melbourne, Victoria

Commerce Australia Pty Ltd

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General information

The financial statements cover Commerce Australia Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Commerce Australia Pty Ltd's functional and presentation currency.

Commerce Australia Pty Ltd is a proprietary company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Nicholson Ryan Lawyers, 7
416-420 Collins Street
Melbourne VIC 3000

Principal place of business

Level 2,
8 Parliament Place
West Perth WA 6005

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 September 2020. The directors have the power to amend and reissue the financial statements.

Commerce Australia Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue	3	8,250,327	9,041,888
Other income	4	51,015	44,268
Expenses			
Management fees	5	(5,059,342)	(6,761,273)
Employee benefit expenses	28	(363,786)	-
Operating expenses	5	(622,586)	(17,544)
Depreciation and amortisation expense	5	(506,474)	-
Profit before income tax expense		1,749,154	2,307,339
Income tax expense	6	(524,746)	(692,200)
Profit after income tax expense for the year attributable to the owners of Commerce Australia Pty Ltd		<u>1,224,408</u>	<u>1,615,139</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Commerce Australia Pty Ltd		<u><u>1,224,408</u></u>	<u><u>1,615,139</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Commerce Australia Pty Ltd
Statement of financial position
As at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	7	1,961,583	1,568,433
Trade and other receivables	8	276,879	321,865
Receivable from related parties	9	-	5,804,816
Total current assets		<u>2,238,462</u>	<u>7,695,114</u>
Non-current assets			
Property and equipment	10	12,612	-
Intangible assets	11	906,180	-
Deferred tax assets	12	557,756	5,756
Total non-current assets		<u>1,476,548</u>	<u>5,756</u>
Total assets		<u>3,715,010</u>	<u>7,700,870</u>
Liabilities			
Current liabilities			
Trade and other payables	13	631,044	58,841
Provision for Income tax	14	142,311	678,923
Employee benefits	28	133,970	-
Other current liabilities		-	5,820
Total current liabilities		<u>907,325</u>	<u>743,584</u>
Non-current liabilities			
Employee benefits	28	13,117	-
Deferred tax liability	15	32,894	12,152
Total non-current liabilities		<u>46,011</u>	<u>12,152</u>
Total liabilities		<u>953,336</u>	<u>755,736</u>
Net assets		<u>2,761,674</u>	<u>6,945,134</u>
Equity			
Issued capital	16	20,000	20,000
Retained profits	17	2,741,674	6,925,134
Total equity		<u>2,761,674</u>	<u>6,945,134</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Commerce Australia Pty Ltd
Statement of changes in equity
For the year ended 30 June 2020

	Issued Capital \$	Retained Profits \$	Total equity \$
Balance at 1 July 2018	20,000	5,309,995	5,329,995
Profit after income tax expense for the year	-	1,615,139	1,615,139
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,615,139	1,615,139
Balance at 30 June 2019	<u>20,000</u>	<u>6,925,134</u>	<u>6,945,134</u>

	Issued Capital \$	Retained Profits \$	Total equity \$
Balance at 1 July 2019	20,000	6,925,134	6,945,134
Profit after income tax expense for the year		1,224,408	1,224,408
Other comprehensive income for the year, net of tax			
Total comprehensive income for the year		1,224,408	1,224,408
Transactions with owners in their capacity as owners:			
Dividends paid (note 18)		(5,407,868)	(5,407,868)
Balance at 30 June 2020	<u>20,000</u>	<u>2,741,674</u>	<u>2,761,674</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Commerce Australia Pty Ltd
Statement of cash flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		9,036,987	9,927,573
Payments to suppliers (inclusive of GST)		(6,115,579)	(8,520,395)
Government assistance received – cash flow boost		50,000	-
Interest received		46	32
Income taxes paid		-	-
Net cash from operating activities	29	<u>2,971,454</u>	<u>1,407,210</u>
Cash flows from investing activities			
Loans given to related parties		(2,531,670)	(680,343)
Payments for property and equipment		<u>(13,779)</u>	<u>-</u>
Net cash used in investing activities		<u>(2,545,449)</u>	<u>(680,343)</u>
Net increase in cash and cash equivalents		426,005	726,867
Cash and cash equivalents at the beginning of the financial year		1,568,433	801,871
Effects of exchange rate changes on cash and cash equivalents		<u>(32,855)</u>	<u>39,695</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>1,961,583</u></u>	<u><u>1,568,433</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

AASB 16 Leases

The company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

The initial application of this standard had no material impact on the opening retained earnings as at 1 July 2019 or the results for the current year.

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.

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 company'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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Commerce Australia Pty Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 1. Significant accounting policies (continued)

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Subscription services

Subscription services are treated as a single performance obligation; access to digital platforms and data under the subscription is a series of services substantially integrated with the same pattern of transfer. Accordingly, subscription revenue is recognised evenly over the subscription period.

Rendering of other services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly / monthly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Note 1. Significant accounting policies (continued)

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 company'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 the asset 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 company'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 includes 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

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, which is represented for the amount at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method and adjusted for any allowance loss allowances. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

Note 1. Significant accounting policies (continued)

Contract assets

Contract assets are recognised when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment	3-7 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Software

Significant costs associated with software are capitalised and amortised on a straight-line basis over the period of their expected benefit, being their finite life ranging from 2 to 5 years.

Note 1. Significant accounting policies (continued)

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and its value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year 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.

Contract liabilities

Contract liabilities represent the company's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the services to the customer.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits

Short-term employee benefits relate to benefits that are expected to be settled wholly within 12 months of the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for wages and salaries, including non-monetary benefits, annual leave are deemed to be Short-term employee benefits.

Other long-term employee benefits

The company classifies as Other long-term employee benefits obligations which are not expected to be wholly settled within 12 months of the reporting date and consequently are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Liabilities in relation to Long service leave are deemed to be Other long-term employee benefits.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

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.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Operating segments

Operating segments are presented using the 'management approach' where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

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.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

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.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Note 1. Significant accounting policies (continued)

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

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.

AASB 3 *Business Combinations* does not apply to a business combination of entities or businesses under common control. A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. In a common-control transaction, the net assets are derecognized by the transferring entity and recognized by the receiving entity at the historical cost of the parent of the entities under common control. Any difference between the proceeds transferred or received and the carrying amounts of the net assets is recognized in equity in the transferring and receiving entities' separate financial statements and eliminated in consolidation.

Note 1. Significant accounting policies (continued)

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 company for the annual reporting period ended 30 June 2020. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the company's financial statements.

AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

AASB 2018-7 is applicable to annual reporting periods beginning on or after 1 July 2020. The amendments refine the definition of "material" in AASB 101 to clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material. The company has assessed that there is unlikely to be any impact on adoption of AASB 2018-7 on the reported financial position, performance or cash flows in the financial statements.

AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a business

AASB 2018-6 is applicable for the annual reporting period beginning on 1 July 2020. This standard amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The application of the AASB 2018-6 from 1 July 2020 is not expected to have a material impact on the company's financial statements.

AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions

AASB 2020-4 is applicable for the annual reporting period beginning on or after 1 June 2020 and early adoption of this standard is strongly encouraged. This Standard amends AASB 16 *Leases* to provide a practical expedient that permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. Whilst the company, as a lessee, has not received a COVID-19 related rent concession which meets the conditions in AASB 2020-4 as yet, in the event of such a rent concession, when the company elects to use the practical expedient, it will save time and effort in the accounting for the concession.

AASB 2020-1 Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current

This Standard is applicable for annual reporting period beginning on or after 1 July 2022. The standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified. The company has assessed that there is unlikely to be any impact on the financial statements when these amendments will be first adopted.

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.

Determination of variable consideration

Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the company where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates. The allowance for expected credit losses, as disclosed in note 8, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Impairment of non-financial assets

The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company 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 company is subject to income taxes in the jurisdiction 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 company recognises liabilities for anticipated tax audit issues based on the company'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.

Recovery of deferred tax assets

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

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Revenue

	2020 \$	2019 \$
<i>Revenue from contracts with customers</i>		
Rendering of services	8,250,327	9,041,888
Revenue	<u>8,250,327</u>	<u>9,041,888</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2020 \$	2019 \$
<i>Major service lines</i>		
Subscriptions	7,327,615	7,830,054
Mobile services	653,977	631,022
Set-up and training fees	191,292	348,531
Consultancy and development revenues	77,443	232,281
	<u>8,250,327</u>	<u>9,041,888</u>
<i>Geographical regions</i>		
Australia	7,440,333	8,074,159
New Zealand	723,984	873,383
Indonesia	86,010	94,346
	<u>8,250,327</u>	<u>9,041,888</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	191,292	348,531
Services transferred over time	8,059,035	8,693,357
	<u>8,250,327</u>	<u>9,041,888</u>

Note 4. Other income

	2020 \$	2019 \$
Foreign exchange gains / (losses) - net	(6,579)	44,236
Government assistance – cash flow boost	50,000	-
Other income	7,548	-
Interest revenue calculated using the effective interest method	46	32
	<u>51,015</u>	<u>44,268</u>

Note 5. Expenses

	2020 \$	2019 \$
Profit before income tax includes the following specific expenses:		
<i>Management fees charged by Parent entity, Domain Holdings Australia Limited, towards the following expenses:</i>		
Data and production costs	1,303,842	1,717,954
Employment costs	2,115,696	2,772,217
Depreciation and amortisation expenses	1,190,680	1,841,777
Occupancy costs	133,427	187,384
Other costs	98,124	241,941
	<u>4,841,769</u>	<u>6,761,273</u>
Management fees – Domain Holdings Australia Limited	<u>4,841,769</u>	<u>6,761,273</u>
The management fee was charged for the period from 1 July 2020 to 13 March 2020, pursuant to which the company was acquired by Real Estate CRM Pty Ltd from Domain Holdings Australia Limited.		
	2020 \$	2019 \$
<i>Management fees charged by the Parent entity, Real Estate CRM Pty Ltd and its controlled entities, towards the following expenses:</i>		
Employment costs	109,573	-
Administration and support services	108,000	-
	<u>217,573</u>	<u>-</u>
Management fees – Real Estate CRM Pty Ltd and its controlled entities	<u>217,573</u>	<u>-</u>
Total management fees	<u><u>5,059,342</u></u>	<u><u>6,761,273</u></u>
	2020 \$	2019 \$
Operating expenses:		
Data and production costs	511,931	-
IT and legal expenses	51,523	-
Bad debts and allowance for expected credit losses	16,575	12,050
General and administration expenses	42,557	5,494
	<u>622,586</u>	<u>17,544</u>
Total operating expenses	<u>622,586</u>	<u>17,544</u>
Depreciation and amortisation:		
Plant and equipment	1,167	-
Software	505,307	-
	<u>506,474</u>	<u>-</u>
Total Depreciation and amortisation expenses	<u>506,474</u>	<u>-</u>

Note 6. Income tax expense

	2020 \$	2019 \$
<i>Income tax expense</i>		
Current tax	542,905	678,923
Deferred tax - origination and reversal of temporary differences	(18,159)	13,277
Income tax expense	<u>524,746</u>	<u>692,200</u>
Deferred tax included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets (note 12)	(38,901)	1,125
Increase/(decrease) in deferred tax liabilities (note 14)	20,742	12,152
Deferred tax - origination and reversal of temporary differences	(18,159)	13,277
<i>Numerical reconciliation of income tax expense and tax at the statutory rate:</i>		
Profit before income tax expense	1,749,154	2,307,339
Tax at the statutory tax rate of 30%	524,746	692,200
Tax effect amounts which are not deductible in calculating taxable income:		
Non-deductible expenses	-	-
Aggregate income tax expense	<u>524,746</u>	<u>692,200</u>

Note 7. Current assets - Cash and cash equivalents

	2020 \$	2019 \$
Cash at bank	<u>1,961,583</u>	<u>1,568,433</u>
<i>Reconciliation to cash and cash equivalents at the end of the financial year</i>		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	1,961,583	1,568,433
Balance as per statement of cash flows	<u>1,961,583</u>	<u>1,568,433</u>

Note 8. Current assets - Trade and other receivables

	2020 \$	2019 \$
Trade receivables	117,440	341,048
Less: Allowance for expected credit losses	(2,452)	(19,183)
	114,988	321,865
Accrued revenues	150,157	-
Other receivables	11,734	-
	<u>276,879</u>	<u>321,865</u>

Allowance for expected credit losses

The company has recognised a loss of \$16,575 in profit or loss in respect of the expected credit losses for the year ended 30 June 2020 (2019: \$12,050).

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2020 %	2019 %	2020 \$	2019 \$	2020 \$	2019 \$
Not overdue	0.29%	0.29%	49,757	122,606	(144)	(356)
0 to 1 months overdue	0.29%	0.29%	33,809	87,985	(98)	(255)
1 to 2 months overdue	1.08%	1.08%	22,012	80,879	(238)	(873)
2 to 3 months overdue	4.33%	4.33%	6,147	3,972	(266)	(172)
3 to 4 months overdue	12.86%	12.86%	2,137	2,634	(275)	(339)
Over 5 months overdue	40.00%	40.00%	3,578	42,972	(1,431)	(17,188)
			<u>117,440</u>	<u>341,048</u>	<u>(2,452)</u>	<u>(19,183)</u>

Movement in allowance for expected credit losses are as follows:

	2020 \$	2019 \$
Opening balance	19,183	17,341
Additional provision recognised	16,575	12,050
Receivables written off as uncollectable	(33,306)	(10,208)
Closing balance	<u>2,452</u>	<u>19,183</u>

Note 9. Receivables from related parties

	2020 \$	2019 \$
Receivable from Parent Company – Domain Holdings Australia Limited	<u>-</u>	<u>5,804,816</u>

Related party relates to the balance receivable resulted from periodic bank transfers made to the Holding Company, partly offset by the management fee charge and dividend payments (refer note 5). This receivable has been fully adjusted as at 11 March 2020 towards the purchase price under the Business Transfer Agreement (see below) and by way of a dividend declaration by Commerce Australia Pty Ltd to Domain Holdings Australia Limited.

Note 9. Receivables from related parties (continued)

Business Transfer Agreement

On 11 March 2020, the company ("the buyer") entered into a Business Transfer Agreement with Domain Holdings Australia Limited ("the seller") the parent entity of the company at that time, to transfer all assets and liabilities that were held by Domain Holdings Australia Limited, which directly related to the business operations of the "MyDesktop" business. The assets acquired and liabilities assumed were at their respective historical costs as of 11 March 2020. Pursuant to the agreement, the seller assigned the business intellectual property to the buyer. Also, the buyer made offers of employment and assumed the employee leave obligations of the transferring employees.

The purchase price has been adjusted against the balance receivable from Domain Holdings Australia Limited.

Assets and (Liabilities) which made up the business transfer agreement:

	Assets / (Liabilities) \$
Intangible Assets – Software	1,411,487
Deferred tax assets	513,099
Accrued expenses	(15,190)
Unearned revenues	(28,477)
Annual leave provisions of transferring employees	(31,287)
Long Service leave provisions of transferring employees	(44,195)
	<u>1,805,436</u>

Note 10. Non-current assets - property, plant and equipment

	2020 \$	2019 \$
Office equipment	13,779	-
Less: Accumulated depreciation	(1,167)	-
	<u>12,612</u>	-

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Office equipment \$
Balance at 1 July 2018	-
Balance at 30 June 2019	-
Additions	13,779
Disposals	-
Depreciation expense	<u>(1,167)</u>
Balance at 30 June 2020	<u>12,612</u>

Note 11. Non-current assets - intangibles

On 11 March 2020, software intangible assets were transferred from Domain Holdings Australia Limited to the company under the Business Transfer Agreement (see note 9).

	2019 \$	2018 \$
Software	906,180	-

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Software \$
Balance at 1 July 2018	-
Balance at 30 June 2019	-
Additions under the Business Transfer Agreement	1,411,487
Amortisation expense	(505,307)
Balance at 30 June 2020	906,180

Note 12. Non-current assets - Deferred tax assets

	2020 \$	2019 \$
Deferred tax assets	557,756	5,756

Represents timing differences attributable to amounts recognised in profit or loss:

Payables and accruals	8,001	-
Employee benefits	44,125	-
Intangible assets	504,894	-
Allowances for expected credit losses	736	5,756
	557,756	5,756

Movements

Opening balance	5,756	6,881
Credited / (debited) to profit or loss (note 6)	38,901	(1,125)
Transferred as part of Business Transfer Agreement (note 9)	513,099	-
Closing balance	557,756	5,756

Note 13. Current liabilities - Trade and other payables

	2020 \$	2019 \$
Trade payables – external	168,184	-
Trade payables - related parties	263,371	-
GST payable	136,812	58,841
Accruals and other payables	62,677	-
	<u>631,044</u>	<u>58,841</u>

Refer note 26 for further information on financial instruments.

Note 14. Current liabilities – Provision for Income tax

	2020 \$	2019 \$
Provision for income tax	<u>142,311</u>	<u>678,923</u>

Note 15. Non-current liabilities - Deferred tax liability

	2020 \$	2019 \$
Deferred tax liability	<u>32,894</u>	<u>12,152</u>

Represents timing differences attributable to amounts recognised in profit or loss:

Cash and cash equivalents	(12,152)	12,152
Accrued income	<u>45,046</u>	<u>-</u>
	<u>32,894</u>	<u>12,152</u>

Movements

Opening balance	12,152	-
Debited / (credited) to profit or loss (note 6)	<u>20,742</u>	<u>12,152</u>
Closing balance	<u>32,894</u>	<u>12,152</u>

Note 16. Equity - Issued capital

	2020 Shares	2019 Shares	2020 \$	2019 \$
Ordinary shares - fully paid	20,000	20,000	20,000	20,000

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from 30 June 2019.

Note 17. Equity - Retained profits

	2020 \$	2019 \$
Retained profits at the beginning of the financial year	6,925,134	5,309,995
Profit after income tax expense for the year	1,224,408	1,615,139
Dividends paid (note 18)	(5,407,868)	-
Retained profits at the end of the financial year	2,741,674	6,925,134

Note 18. Equity – Dividends

Dividends

Dividends declared during the financial year were as follows:

	2020 \$	2019 \$
An unfranked dividend was declared on 31 July 2020 in the amount of \$112.26 per ordinary share to be paid based on 20,000 ordinary shares on issue.	2,245,159	-
An unfranked dividend was declared on 11 March 2020 in the amount of \$158.14 per ordinary share to be paid based on 20,000 ordinary shares on issue.	3,162,709	-
	5,407,868	-

The above dividend was paid out over a period of time and offset against the receivables from related parties.

Commerce Australia Pty Ltd
Notes to the financial statements
30 June 2020

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:

	2020 \$	2019 \$
<i>Audit services – RSM Australia Partners</i>		
Audit of the financial statements	14,260	13,000

Note 20. Contingent liabilities

The company had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Note 21. Commitments

The company had no commitments for expenditure as at 30 June 2020 and 30 June 2019.

Note 22. Parent entities

On 13 March 2020, the company was acquired by Real Estate CRM Pty Ltd. As at 30 June 2020, the parent entity of the company is Real Estate CRM Pty Ltd (incorporated in Australia), which owned 100% of the issued share capital of the company.

As at 30 June 2019, and throughout the year ended on that date, the immediate parent entity of the company was Domain Holdings Australia Limited (incorporated in Australia), which owned 100% of the issued share capital of the company.

Note 23. Related party transactions

The following transactions occurred with related parties:

	2020 \$	2019 \$
<i>Management fees paid</i>		
Clientvault Pty Limited (entity under common control from 13 March 2020)	108,000	-
Real Estate CRM Pty Ltd (Parent company from 13 March 2020)	109,573	-
	217,573	-

From 13 March 2020, Clientvault Pty Limited and Real Estate CRM Pty Ltd had provided management, technology and corporate services to the company.

	2020 \$	2019 \$
<i>Domain Holdings Australia Limited</i>		
Payment for services from Parent company – management fees	4,841,759	6,761,273

Receivables from and payables to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2020 \$	2019 \$
Receivable from parent company - Domain Holdings Australia Ltd	-	5,804,816
Payable to entity under common control – Complete RE Solutions Pty Ltd	(1,588)	-
Payable to entity under common control – Clientvault Pty Ltd	(40,640)	-
Payable to entity under common control – Rentfind Technologies Pty Ltd	(88,156)	-
Payable to parent company - Real Estate CRM Pty Ltd	(132,987)	-
	(263,371)	5,804,816

Note 23. Related party transactions (continued)

Loans to / from related parties

The net loans provided to Domain Holdings Australia Ltd during the year ended 30 June 2020 was \$2,531,670 (2019: \$680,343). The entire balance of loans provided was extinguished against dividend payments made to Domain Holdings Australia Ltd.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 24. Operating segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors. The Board of Directors considers the business from both a product and a geographic perspective and has determined the Company operates in only one reportable segment – Provision of customer relationship management (CRM) tools to customers.

Note 25. Events after the reporting period

Impact of COVID-19

As at the date of signing this financial report the company's financial position has not been significantly affected by Coronavirus (COVID-19) pandemic. However, the COVID-19 pandemic is ongoing and therefore the extent and full impact of this pandemic on the company's results for the financial year 2021 and its operations cannot be reliably estimated or quantified. The situation is rapidly developing and is dependent upon measures imposed by the Australian Government such as maintaining social distancing requirements, travel restrictions and any economic stimulus that may be provided to support the businesses.

No other matters or circumstances have occurred subsequent to year-end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Note 26. Financial instruments

Financial risk management objectives

The Company's directors monitor and manage the financial risks relating to the operation of the Company. These risks include credit risk and liquidity risk. The Company's overall risk management program focuses on managing these risks and implementing and monitoring of controls around the cash management function.

The board of directors has overall responsibility for the establishment and oversight of the risk management framework which is summarised below:

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount of those assets, net of any allowance for expected credit losses, as disclosed in the statement of financial position and note 8 to the financial statements. The Company's cash at bank is deposited with Westpac Bank, National Australia Bank and Bank of New Zealand (BNZ).

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due. The company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

To measure the expected credit losses, trade and other receivables have been grouped based on the days past due.

Note 26. Financial instruments (continued)

The Company holds material contracts with which, the material credit risk exposure is low. As the nature of the business being core to the management and day to day operations of the customers business, this creates a natural hedge.

The expected loss rates for the company reflect current and forward-looking information mainly, changes in the macro economic environment which have placed significant downward pressure on all businesses in Australia and New Zealand.

On that basis, the loss allowance as at 30 June 2020 has been calculated as per in Note 8, which contains the reconciliation of the opening and closing loss allowances.

Liquidity risk

Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Market risk

Foreign currency risk

The company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management has put in place a policy requiring the company to manage their foreign exchange risk against their functional currency. The company is required to bring significant foreign currency transactions to the attention of the central finance function for evaluation as to the use of hedging using forward foreign currency contracts.

Foreign currency denominated financial assets which expose the company to currency risk are disclosed below. The amounts shown are those translated into \$AUD at the closing rate and shows the impact of the Australian dollar strengthening or weakening 10% against the New Zealand dollar.

Assets below are currently in NZD denominations and have been translated to AUD			
	AUD	Strengthening AUD + 10% Profit or (Loss) impact	Weakening AUD - 10% Profit or (Loss) impact
30 June 2020	\$	\$	\$
Financial assets	232,964	(21,179)	25,885

Assets below are currently in NZD denominations and have been translated to AUD			
	AUD	Strengthening AUD + 10% Profit or (Loss) impact	Weakening AUD - 10% Profit or (Loss) impact
30 June 2019	\$	\$	\$
Financial assets	1,292,821	(117,529)	143,647

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the company's exposure to currency risk.

Price risk

The company is not exposed to any significant price risk.

Interest rate risk

The company holds its surplus cash in bank deposits with floating interest rates. The company analyses its interest rate exposure on an ongoing basis.

Currently there are no assets or liabilities that are materially exposed to variations in interest rate changes.

Note 27. Fair value measurement

Due to their short-term nature, the net fair values of financial assets and liabilities approximate their carrying value as disclosed in the statement of financial position. No financial assets or liabilities are readily traded on organised markets in standardised form.

Note 28. Employment Expenses

Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2020 \$	2019 \$
<i>Employee benefits expenses</i>		
Salaries, wages and leave allowances	316,961	-
Defined benefit superannuation expenses	25,629	-
Short-term employee benefits	342,590	-
Other long-term benefits	18,653	-
On-costs	2,543	-
Total	363,786	-

Employee liabilities

Liabilities recognised for employee benefits are analysed below:

	2020 \$	2019 \$
<i>Employee benefits expenses</i>		
Provision for employee entitlements – current	133,970	-
Provision for employee entitlements – non-current	13,117	-
	147,087	-

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the company does not have an unconditional right to defer settlement. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 29. Reconciliation of profit after income tax to net cash from operating activities

	2020 \$	2019 \$
Profit after income tax expense for the year	1,224,408	1,615,139
Adjustments for:		
Bad debts and allowance for expected credit losses	16,575	12,050
Net unrealised foreign exchange losses / (gains)	32,855	(39,695)
Depreciation and amortisation expense	506,474	-
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	28,410	77,896
(Increase) / decrease in deferred tax assets	(38,900)	1,125
Increase/(decrease) in trade and other payables	566,381	(6,999)
Increase/(decrease) in deferred tax liabilities	20,742	12,152
Increase / (decrease) in employee benefits	71,605	-
Increase/(decrease) in provision for income tax	542,904	(264,458)
Net cash from operating activities	<u>2,971,454</u>	<u>1,407,210</u>

Commerce Australia Pty Ltd
Directors' declaration
30 June 2020

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- 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 directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.



Joseph Hanna
Director

25 September 2020

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COMMERCE AUSTRALIA PTY LTD

Opinion

We have audited the financial report of Commerce Australia Pty Ltd ("the Company"), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors 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 objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance; but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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/ar4.pdf. This description forms part of our auditor's report.



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO

Partner

Dated: 28 September 2020
Melbourne, Victoria

Commerce Australia Pty Ltd

ABN 94 073 927 769

Annual Report - 30 June 2019

Commerce Australia Pty Ltd
Directors' report
30 June 2019

The directors present their report, together with the financial statements, on Commerce Australia Pty Ltd (referred to hereinafter as "the company") for the year ended 30 June 2019.

Directors

The following persons were directors during the whole of the financial year and up to the date of this report, unless otherwise stated:

Joseph Hanna – Appointed on 13 March 2020
Sam Antony Sidney Plowman – Appointed on 13 March 2020
Robert Alexander Doyle – Appointed on 27 November 2017, Ceased on 13 March 2020
Anthony George Blamey – Appointed on 18 April 2019, Ceased on 13 March 2020
Graeme Robert Plowman – Appointed on 27 November 2017, Ceased on 18 April 2019
Gail Hambly – Appointed on 20 October 2010, Ceased on 27 November 2017
David Joseph Housego – Appointed on 14 May 2013, Ceased on 27 November 2017
Antony Catalano – Appointed on 27 November 2017, Ceased on 21 January 2018

Principal activities

During the financial year, the principal continuing activities of the company consisted of providing a Customer Relationship Management (CRM) tool to real estate agents in Australia, New Zealand and Indonesia. MyDesktop is the leading real estate industry CRM tool in ANZ, with features covering the whole property and contact life cycle. MyDesktop offers its products on a SaaS basis to customers in ANZ and Indonesia with training and support on an ongoing basis.

Dividends

Dividends paid during the financial year were as follows:

	2019 \$	2018 \$
No dividends in FY 2019 were declared or paid. (2018: an unfranked dividend of 1,000 dollars per ordinary share was declared and paid.)	-	20,000,000

Review of operations

The profit for the company after providing for income tax amounted to \$1,615,139 (30 June 2018: \$2,185,166).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

Dividends declared after year end

An unfranked dividend was declared on 31 July 2019 in the amount of \$112.298 per ordinary share to be paid based on 20,000 ordinary shares on issue.

Change in ownership

On 13 March 2020, Domain Holdings Australia Limited, the parent company, sold its entire shareholding in the Company to Real Estate CRM Pty Ltd (ACN 639 096 156). Consequently, at the time of this report, Real Estate CRM Pty Ltd is the Company's parent and owns 100% of the ordinary shares in the Company.

Commerce Australia Pty Ltd had been acquired from Domain Holdings Group on a cash and debt-free basis, meaning any related parties loans, payables and receivables were to be settled prior to the transaction, along with any non-working capital items such as tax and GST payable up until the date of the transaction would be extinguished by the seller. The settlement occurred by way of a dividend payment made by Commerce Australia Pty Ltd to Domain Holdings Australia Limited on 12 March 2020.

Impact of COVID-19

On 11 March 2020, the World Health Organisation (WHO) officially declared COVID-19 a pandemic. This has significantly affected the global trade and operations. At this stage, this is an evolving issue and therefore the extent and full effect of this pandemic on the Company's results for the financial years 2020 and 2021 and its operations cannot be reliably estimated or quantified.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Joseph Hanna
Director

24 July 2020

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Commerce Australia Pty Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in dark ink, appearing to read "RSM".**RSM AUSTRALIA PARTNERS**A handwritten signature in dark ink, appearing to read "R J Morillo Maldonado".

R J MORILLO MALDONADO
Partner

Dated: 24 July 2020
Melbourne, Victoria

Commerce Australia Pty Ltd

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30 June 2019

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General information

The financial statements cover Commerce Australia Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Commerce Australia Pty Ltd's functional and presentation currency.

Commerce Australia Pty Ltd is a proprietary company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Nicholson Ryan Lawyers, 7
416-420 Collins Street
Melbourne VIC 3000

Principal place of business

Level 2,
8 Parliament Place
West Perth WA 6005

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 July 2020. The directors have the power to amend and reissue the financial statements.

Commerce Australia Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	3	9,041,888	9,107,133
Other income /(expense) - net	4	44,268	(10,551)
Expenses			
Management fees	5	(6,761,273)	(5,871,875)
Other expenses		<u>(17,544)</u>	<u>(103,042)</u>
Profit before income tax expense		2,307,339	3,121,665
Income tax expense	6	<u>(692,200)</u>	<u>(936,499)</u>
Profit after income tax expense for the year attributable to the owners of Commerce Australia Pty Ltd		<u>1,615,139</u>	<u>2,185,166</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Commerce Australia Pty Ltd		<u>1,615,139</u>	<u>2,185,166</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Commerce Australia Pty Ltd
Statement of financial position
As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	7	1,568,433	801,871
Trade and other receivables	8	321,865	411,811
Receivable from related parties	9	5,804,816	5,124,473
Total current assets		7,695,114	6,338,155
Non-current assets			
Deferred tax asset	10	5,756	6,881
Total non-current assets		5,756	6,881
Total assets		7,700,870	6,345,036
Liabilities			
Current liabilities			
Trade and other payables	11	58,841	66,213
Provision for Income tax	12	678,923	943,381
Other current liabilities		5,820	5,447
Total current liabilities		743,584	1,015,041
Non-current liabilities			
Deferred tax liability	13	12,152	-
Total non-current liabilities		12,152	-
Total liabilities		755,736	1,015,041
Net assets		6,945,134	5,329,995
Equity			
Issued capital	14	20,000	20,000
Retained profits	15	6,925,134	5,309,995
Total equity		6,945,134	5,329,995

The above statement of financial position should be read in conjunction with the accompanying notes

Commerce Australia Pty Ltd
Statement of changes in equity
For the year ended 30 June 2019

	Issued Capital \$	Retained profits \$	Total equity \$
Balance at 1 July 2017	20,000	23,124,829	23,144,829
Profit after income tax expense for the year	-	2,185,166	2,185,166
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	2,185,166	2,185,166
<i>Transactions with owners in their capacity as owners:</i>			
Dividends paid (note 16)	-	(20,000,000)	(20,000,000)
Balance at 30 June 2018	<u>20,000</u>	<u>5,309,995</u>	<u>5,329,995</u>
	Issued Capital \$	Retained Profits \$	Total equity \$
Balance at 1 July 2018	20,000	5,309,995	5,329,995
Profit after income tax expense for the year	-	1,615,139	1,615,139
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,615,139	1,615,139
Balance at 30 June 2019	<u>20,000</u>	<u>6,925,134</u>	<u>6,945,134</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Commerce Australia Pty Ltd
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		9,927,573	9,375,418
Payments to suppliers (inclusive of GST)		(8,520,395)	(6,588,721)
Interest received		32	42
Income taxes paid		-	-
Net cash from operating activities	26	<u>1,407,210</u>	<u>2,786,739</u>
Cash flows from investing activities			
Loans given to related parties		<u>(680,343)</u>	<u>(2,449,215)</u>
Net cash used in investing activities		<u>(680,343)</u>	<u>(2,449,215)</u>
Net increase in cash and cash equivalents		726,867	337,524
Cash and cash equivalents at the beginning of the financial year		801,871	469,572
Effects of exchange rate changes on cash and cash equivalents		<u>39,695</u>	<u>(5,225)</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>1,568,433</u></u>	<u><u>801,871</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Impact of adoption

AASB 9 and AASB 15 (which make amendments to AASB 101) were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2018.

There is not impact of the new Accounting Standards compared with the previous Accounting Standards on the current reporting period.

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.

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 company'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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Commerce Australia Pty Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Note 1. Significant accounting policies (continued)

Revenue recognition (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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.

Note 1. Significant accounting policies (continued)

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 company'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 the asset 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 company'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 includes 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

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, which is represented for the amount at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method and adjusted for any allowance loss allowances. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

Contract assets

Contract assets are recognised when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year 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.

Contract liabilities

Contract liabilities represent the company's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the services to the customer.

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.

Note 1. Significant accounting policies (continued)

Operating segments

Operating segments are presented using the 'management approach' where the information presented is on the same basis as the internal reports provided to the chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

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.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

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 company for the annual reporting period ended 30 June 2019. The company has assessed that the impact of these new or amended Accounting Standards and Interpretations are not material.

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.

Determination of variable consideration

Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the consolidated entity where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Note 3. Revenue

	2019 \$	2018 \$
<i>Revenue from contracts with customers</i>		
Rendering of services	9,041,888	9,107,133
Revenue	<u>9,041,888</u>	<u>9,107,133</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2019 \$	2018 \$
<i>Major service lines</i>		
Subscriptions	7,830,054	7,506,701
Mobile services	631,022	606,333
Set-up and training fees	348,531	544,441
Consultancy and development revenues	232,281	449,658
	<u>9,041,888</u>	<u>9,107,133</u>

Geographical regions

Australia	8,074,159	8,111,117
New Zealand	873,383	899,401
Indonesia	94,346	96,615
	<u>9,041,888</u>	<u>9,107,133</u>

Timing of revenue recognition

Services transferred over time	9,041,888	9,107,133
	<u>9,041,888</u>	<u>9,107,133</u>

Note 4. Other income / (expense) – net

	2019 \$	2018 \$
Foreign exchange gains / (losses) – net	44,236	(10,593)
Interest revenue calculated using the effective interest method	32	42
Other income	<u>44,268</u>	<u>(10,551)</u>

Note 5. Expenses

	2019 \$	2018 \$
Profit before income tax includes the following specific expenses:		
<i>Management fees charged by Parent entity, Domain Holdings Australia Limited, towards the following expense:</i>		
Data and production costs	1,717,954	1,389,802
Employment costs	2,772,217	2,850,754
Depreciation and amortisation expenses	1,841,777	1,169,542
Occupancy costs	187,384	181,263
Other costs	241,941	280,514
Total management fees	6,761,273	5,871,875

Note 6. Income tax expense

	2019 \$	2018 \$
<i>Income tax expense</i>		
Current tax	678,923	943,381
Deferred tax - origination and reversal of temporary differences	13,277	(6,882)
Income tax expense	692,200	936,499
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 10)	1,125	(6,882)
Increase/(decrease) in deferred tax liabilities (note 13)	12,152	-
Deferred tax - origination and reversal of temporary differences	13,277	(6,882)
<i>Numerical reconciliation of income tax expense and tax at the statutory rate:</i>		
Profit before income tax expense	2,307,339	3,121,665
Tax at the statutory tax rate of 30%	692,200	936,499
Tax effect amounts which are not deductible in calculating taxable income:		
Non-deductible expenses	-	-
Aggregate income tax expense	692,200	936,499

Note 7. Current assets - Cash and cash equivalents

	2019 \$	2018 \$
Cash at bank	<u>1,568,433</u>	<u>801,871</u>
<i>Reconciliation to cash and cash equivalents at the end of the financial year</i>		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	<u>1,568,433</u>	<u>801,871</u>
Balance as per statement of cash flows	<u>1,568,433</u>	<u>801,871</u>

Note 8. Current assets - Trade and other receivables

	2019 \$	2018 \$
Trade receivables	341,048	429,152
Less: Allowance for expected credit losses (2018: Provision for impairment of receivables)	<u>(19,183)</u>	<u>(17,341)</u>
	<u>321,865</u>	<u>411,811</u>

Allowance for expected credit losses

The company has recognised a loss of \$12,050 in profit or loss in respect of the expected credit losses for the year ended 30 June 2019 (2018: \$22,078).

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2019 %	2018 %	2019 \$	2018 \$	2019 \$	2018 \$
Not overdue	0.29%	0.29%	122,606	164,279	(356)	(476)
0 to 1 months overdue	0.29%	0.29%	87,985	98,536	(255)	(286)
1 to 2 months overdue	1.08%	1.08%	80,879	85,932	(873)	(927)
2 to 3 months overdue	4.33%	4.33%	3,972	30,109	(172)	(1,303)
3 to 4 months overdue	12.86%	12.86%	2,634	21,265	(339)	(2,736)
Over 5 months overdue	40.00%	40.00%	42,972	29,031	(17,188)	(11,613)
			<u>341,048</u>	<u>429,152</u>	<u>(19,183)</u>	<u>(17,341)</u>

Movement in allowance for expected credit losses are as follows:

	2019 \$	2018 \$
Opening balance	17,341	-
Additional provision recognised	12,050	22,078
Receivables written off as uncollectable	<u>(10,208)</u>	<u>(4,737)</u>
Closing balance	<u>19,183</u>	<u>17,341</u>

Note 9. Receivables from related parties

	2019 \$	2018 \$
Receivable from Parent Company – Domain Holdings Australia Limited	<u>5,804,816</u>	<u>5,124,473</u>

Related party relates to the balance receivable resulted from periodic bank transfers made to the Holding Company, partly offset by the management fee charge and dividend payments (refer note 5). This receivable has been fully adjusted as at 12 March 2020 by way of a dividend declaration by Commerce Australia Pty Ltd to Domain Holdings Australia Limited.

Note 10. Non-current assets - Deferred tax asset

	2019 \$	2018 \$
Deferred tax asset	<u>5,756</u>	<u>6,881</u>
<i>Represents timing differences attributable to amounts recognised in profit or loss:</i>		
Allowances for expected credit losses	<u>5,756</u>	<u>6,881</u>
<i>Movements</i>		
Opening balance	6,881	-
Credited / (debited) to profit or loss (note 6)	<u>(1,125)</u>	<u>6,881</u>
Closing balance	<u>5,756</u>	<u>6,881</u>

Note 11. Current liabilities - Trade and other payables

	2019 \$	2018 \$
Trade payables	<u>58,841</u>	<u>66,213</u>

Note 12. Current liabilities – Provision for Income tax

	2019 \$	2018 \$
Provision for income tax	<u>678,923</u>	<u>943,381</u>

As at 30 June 2019, the company is part of a Tax Consolidated Group for income tax purposes, of which the Head Entity is Domain Holdings Australia Limited (the parent company). The tax liabilities are therefore discharged by the Head Entity. The company has measured its tax expense and liability as if it continues to be a standalone taxpayer.

Note 13. Non-current liabilities - Deferred tax liability

	2019 \$	2018 \$
Deferred tax liability	12,152	-
<i>Represents timing differences attributable to amounts recognised in profit or loss:</i>		
Cash and cash equivalents	12,152	-
<i>Movements</i>		
Opening balance	-	-
Debited / (credited) to profit or loss (note 6)	(12,152)	-
Closing balance	12,152	-

Note 14. Equity - Issued capital

	2019 Shares	2018 Shares	2019 \$	2018 \$
Ordinary shares - fully paid	20,000	20,000	20,000	20,000

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Commerce Australia Pty Limited
Notes to the financial statements
30 June 2019

Note 15. Equity - Retained profits

	2019	2018
	\$	\$
Retained profits at the beginning of the financial year	5,309,995	23,124,829
Profit after income tax expense for the year	1,615,139	2,185,166
Dividends paid (note 16)	-	(20,000,000)
	<u>6,925,134</u>	<u>5,309,995</u>
Retained profits at the end of the financial year		

Note 16. Equity – Dividends

Dividends

Dividends declared during the financial year were as follows:

	2019	2018
	\$	\$
An unfranked dividend was declared on 22 December 2017 in the amount of \$1,000 per ordinary share to be paid based on 20,000 ordinary shares on issue.	-	20,000,000

The above dividend was paid out over a period of time and offset against the receivables from related parties on 22 December 2017 to the extent of \$20,000,000.

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:

	2019	2018
	\$	\$
<i>Audit services – RSM Australia Partners</i>		
Audit of the financial statements	<u>13,000</u>	<u>13,000</u>

Note 18. Contingent liabilities

The company had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Note 19. Commitments

The company had no commitments for expenditure as at 30 June 2019 and 30 June 2018.

Note 20. Parent entities

As at 30 June 2019, and throughout the year ended on that date, the immediate parent entity of the company was Domain Holdings Australia Limited (incorporated in Australia), which owned 100% (2018: 100%) of the issued share capital of the company. On 13 March 2020, the company was acquired in full by Real Estate CRM Pty Ltd (incorporated in Australia) (note 22).

Note 21. Related party transactions

The following transactions occurred with related parties:

	2019 \$	2018 \$
Payment for services from Parent company – management fees	<u>6,761,273</u>	<u>5,871,875</u>

Receivables from and payables to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2019 \$	2018 \$
Receivable from parent company	<u>5,804,816</u>	<u>5,124,473</u>

Loans to / from related parties

The net loans provided to Domain Holdings Australia Ltd during the year ended 30 June 2019 was \$680,343 (2018: \$2,449,215).

There were no loans from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 22. Operating segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors. The Board of Directors considers the business from both a product and a geographic perspective and has determined the Company operates in only one reportable segment – Provision of customer relationship management (CRM) tools to customers.

Note 23. Events after the reporting period

Dividends declared after year end

An unfranked dividend was declared on 31 July 2019 in the amount of \$112.298 per ordinary share to be paid based on 20,000 ordinary shares on issue.

Change in ownership

On 13 March 2020, Domain Holdings Australia Limited, the parent company, sold its entire shareholding in the Company to Real Estate CRM Pty Ltd (ACN 639 096 156). Consequently, at the time of this report, Real Estate CRM Pty Ltd is the Company's parent and owns 100% of the ordinary shares in the Company.

Commerce Australia Pty Ltd had been acquired from Domain Holdings Group on a cash and debt-free basis, meaning any related parties loans, payables and receivables were to be settled prior to the transaction, along with any non-working capital items such as tax and GST payable up until the date of the transaction would be extinguished by the seller. The settlement occurred by way of a dividend payment made by Commerce Australia Pty Ltd to Domain Holdings Australia Limited on 12 March 2020.

Impact of COVID-19

On 11 March 2020, the World Health Organisation (WHO) officially declared COVID-19 a pandemic. This has significantly affected the global trade and operations. At this stage, this is an evolving issue and therefore the extent and full effect of this pandemic on the Company's results for the financial years 2020 and 2021 and its operations cannot be reliably estimated or quantified.

No other matters or circumstances have occurred subsequent to year-end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

Note 24. Financial instruments

Financial risk management objectives

The company's directors monitor and manage the financial risks relating to the operation of the Company. These risks include credit risk and liquidity risk. The Company's overall risk management program focuses on managing these risks and implementing and monitoring of controls around the cash management function.

The board of directors has overall responsibility for the establishment and oversight of the risk management framework which is summarised below:

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount of those assets, net of any allowance for expected credit losses, as disclosed in the statement of financial position and notes to the financial statements. The Company's cash at bank is deposited with Westpac Bank, National Australia Bank and Bank of New Zealand (BNZ).

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due. The company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

To measure the expected credit losses, trade and other receivables have been grouped based on the days past due.

The Company holds material contracts with which, the material credit risk exposure is low as the nature of the business being core to the management and day to day operations of the customers business, this creates a natural hedge.

The expected loss rates for the company reflect current and forward-looking information mainly, changes in the macro economic environment which have placed significant downward pressure on all businesses in Australia and New Zealand.

On that basis, the loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) as was calculated as per in Note 8 which contains the reconciliation of the opening and closing loss allowances.

Liquidity risk

Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 24. Financial Instruments (continued)

Market risk

Foreign currency risk

The company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management has put in place a policy requiring the company to manage their foreign exchange risk against their functional currency. The company is required to bring significant foreign currency transactions to the attention of the central finance function for evaluation as to the use of hedging using forward foreign currency contracts.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. The amounts shown are those translated into \$AUD at the closing rate and shows the impact of the Australian dollar strengthening or weakening 10% against the New Zealand dollar.

Foreign currency denominated financial assets which expose the company to currency risk are disclosed below. The amounts shown are those translated into \$AUD at the closing rate and shows the impact of the Australian dollar strengthening or weakening 10% against the New Zealand dollar.

Assets below are currently in NZD denominations and have been translated to AUD			
	AUD	Strengthening AUD + 10% Profit or (Loss) impact	Weakening AUD - 10% Profit or (Loss) impact
30 June 2019	\$	\$	\$
Financial assets	1,292,821	(117,529)	143,647

Assets below are currently in NZD denominations and have been translated to AUD			
	AUD	Strengthening AUD + 10% Profit or (Loss) impact	Weakening AUD - 10% Profit or (Loss) impact
30 June 2018	\$	\$	\$
Financial assets	645,756	(58,705)	71,751

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the company's exposure to currency risk.

Price risk

The company is not exposed to any significant price risk.

Interest rate risk

The company holds its surplus cash in bank deposits with floating interest rates. The company analyses its interest rate exposure on an ongoing basis.

Currently there are no assets or liabilities that are materially exposed to variations in interest rate changes.

Note 25. Fair value measurement

Due to their short-term nature, the net fair values of financial assets and liabilities approximate their carrying value as disclosed in the statement of financial position. No financial assets or liabilities are readily traded on organised markets in standardised form.

Note 26. Reconciliation of profit after income tax to net cash from operating activities

	2019 \$	2018 \$
Profit after income tax expense for the year	1,615,139	2,185,166
Adjustments for:		
Bad debts and provision for doubtful debts	12,050	22,078
Net unrealised foreign exchange losses / (gains)	(39,695)	5,225
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	77,896	(433,890)
(Increase) / decrease in deferred tax assets	1,125	(6,881)
Increase/(decrease) in trade and other payables	(6,999)	71,660
Increase/(decrease) in deferred tax liabilities	12,152	-
Increase/(decrease) in provision for income tax	(264,458)	943,381
Net cash from operating activities	<u>1,407,210</u>	<u>2,786,739</u>

Commerce Australia Pty Ltd
Directors' declaration
30 June 2019

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2018 and 30 June 2019 and of its performance for the financial years ended on those dates; and
- 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 directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.



Joseph Hanna
Director

24 July 2020

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMERCE AUSTRALIA PTY LTD

Opinion

We have audited the financial report of Commerce Australia Pty Ltd ("the Company"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019 but does not include the financial report and the auditor's report thereon.

Other Information (Continued)

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors 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 objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance; but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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/ar4.pdf. This description forms part of our auditor's report.



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO
Partner

Dated: 30 July 2020
Melbourne, Victoria

Commerce Australia Pty Ltd

ABN 94 073 927 769

Annual Report - 30 June 2018

Commerce Australia Pty Ltd
Directors' report
30 June 2018

The directors present their report, together with the financial statements, on Commerce Australia Pty Ltd (referred to hereinafter as "the company") for the year ended 30 June 2018.

Directors

The following persons were directors during the whole of the financial year and up to the date of this report, unless otherwise stated:

Joseph Hanna – Appointed on 13 March 2020
Sam Antony Sidney Plowman – Appointed on 13 March 2020
Robert Alexander Doyle – Appointed on 27 November 2017, Ceased on 13 March 2020
Graeme Robert Plowman – Appointed on 27 November 2017, Ceased on 18 April 2019
Gail Hambly – Appointed on 20 October 2010, Ceased on 27 November 2017
David Joseph Housego – Appointed on 14 May 2013, Ceased on 27 November 2017
Antony Catalano – Appointed on 27 November 2017, Ceased on 21 January 2018

Principal activities

During the financial year, the principal continuing activities of the company consisted of providing a Customer Relationship Management (CRM) tool to real estate agents in Australia, New Zealand and Indonesia. MyDesktop is the leading real estate industry CRM tool in ANZ, with features covering the whole property and contact life cycle. MyDesktop offers its products on a SaaS basis to customers in ANZ and Indonesia with training and support on an ongoing basis.

Dividends

Dividends paid during the financial year were as follows:

	2018 \$	2017 \$
In FY 2018, an unfranked dividend of 1,000 dollars per ordinary share was declared and paid. (2017: no dividend was declared and paid.)	20,000,000	-

Review of operations

The profit for the company after providing for income tax amounted to \$2,185,166 (30 June 2017: \$1,988,851).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

Dividends declared after year end

An unfranked dividend was declared on 31 July 2019 in the amount of \$112.298 per ordinary share to be paid based on 20,000 ordinary shares on issue.

Change in ownership

On 13 March 2020, Domain Holdings Australia Limited, the parent company, sold its entire shareholding in the Company to Real Estate CRM Pty Ltd (ACN 639 096 156). Consequently, at the time of this report, Real Estate CRM Pty Ltd is the Company's parent and owns 100% of the ordinary shares in the Company.

Commerce Australia Pty Ltd had been acquired from Domain Holdings Group on a cash and debt-free basis, meaning any related parties loans, payables and receivables were to be settled prior to the transaction, along with any non-working capital items such as tax and GST payable up until the date of the transaction would be extinguished by the seller. The settlement occurred by way of a dividend payment made by Commerce Australia Pty Ltd to Domain Holdings Australia Limited on 12 March 2020.

Impact of COVID-19

On 11 March 2020, the World Health Organisation (WHO) officially declared COVID-19 a pandemic. This has significantly affected the global trade and operations. At this stage, this is an evolving issue and therefore the extent and full effect of this pandemic on the Company's results for the financial years 2020 and 2021 and its operations cannot be reliably estimated or quantified.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2018 and up to the date of this report.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Joseph Hanna
Director

24 July 2020

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Commerce Australia Pty Ltd ("the company") for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO
Partner

Dated: 24 July 2020
Melbourne, Victoria

Commerce Australia Pty Ltd

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30 June 2018

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General information

The financial statements cover Commerce Australia Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Commerce Australia Pty Ltd's functional and presentation currency.

Commerce Australia Pty Ltd is a proprietary company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Nicholson Ryan Lawyers, 7
416-420 Collins Street
Melbourne VIC 3000

Principal place of business

Level 2,
8 Parliament Place
West Perth WA 6005

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 July 2020. The directors have the power to amend and reissue the financial statements.

Commerce Australia Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue	3	9,107,133	7,648,307
Other income /(expense) - net	4	(10,551)	9,602
Expenses			
Management fees	5	(5,871,875)	(4,224,057)
Other expenses		<u>(103,042)</u>	<u>(592,636)</u>
Profit before income tax expense		3,121,665	2,841,216
Income tax expense	6	<u>(936,499)</u>	<u>(852,365)</u>
Profit after income tax expense for the year attributable to the owners of Commerce Australia Pty Ltd		<u>2,185,166</u>	<u>1,988,851</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Commerce Australia Pty Ltd		<u>2,185,166</u>	<u>1,988,851</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Commerce Australia Pty Ltd
Statement of financial position
As at 30 June 2018

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	7	801,871	469,572
Trade and other receivables	8	411,811	229,386
Receivable from related parties	9	5,124,473	23,365,984
Total current assets		6,338,155	24,064,942
Non-current assets			
Deferred tax asset	10	6,881	-
Total non-current assets		6,881	-
Total assets		6,345,036	24,064,942
Liabilities			
Current liabilities			
Trade and other payables	11	66,213	64,341
Provision for Income tax	12	943,381	852,365
Other current liabilities		5,447	3,407
Total current liabilities		1,015,041	920,113
Total liabilities		1,015,041	920,113
Net assets		5,329,995	23,144,829
Equity			
Issued capital	13	20,000	20,000
Retained profits	14	5,309,995	23,124,829
Total equity		5,329,995	23,144,829

The above statement of financial position should be read in conjunction with the accompanying notes

Commerce Australia Pty Ltd
Statement of changes in equity
For the year ended 30 June 2018

	Issued Capital \$	Retained profits \$	Total equity \$
Balance at 1 July 2016	20,000	21,135,978	21,155,978
Profit after income tax expense for the year	-	1,988,851	1,988,851
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,988,851	1,988,851
Balance at 30 June 2017	<u>20,000</u>	<u>23,124,829</u>	<u>23,144,829</u>
	Issued Capital \$	Retained profits \$	Total equity \$
Balance at 1 July 2017	20,000	23,124,829	23,144,829
Profit after income tax expense for the year	-	2,185,166	2,185,166
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	2,185,166	2,185,166
<i>Transactions with owners in their capacity as owners:</i>			
Dividends paid (note 15)	-	(20,000,000)	(20,000,000)
Balance at 30 June 2018	<u>20,000</u>	<u>5,309,995</u>	<u>5,329,995</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Commerce Australia Pty Ltd
Statement of cash flows
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		9,375,418	8,238,176
Payments to suppliers (inclusive of GST)		(6,588,721)	(5,726,442)
Interest received		42	62
Income taxes paid		-	-
Net cash from operating activities	25	<u>2,786,739</u>	<u>2,511,796</u>
Cash flows from investing activities			
Loans given to related parties		<u>(2,449,215)</u>	<u>(2,358,079)</u>
Net cash used in investing activities		<u>(2,449,215)</u>	<u>(2,358,079)</u>
Net increase in cash and cash equivalents		337,524	153,717
Cash and cash equivalents at the beginning of the financial year		469,572	315,855
Effects of exchange rate changes on cash and cash equivalents		<u>(5,225)</u>	<u>-</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>801,871</u></u>	<u><u>469,572</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

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.

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 company'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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Commerce Australia Pty Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

The company recognises revenue as follows:

Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Revenue are recognised only when all the following conditions below are satisfied:

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the entity;
- (c) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Note 1. Significant accounting policies (Continued)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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 company'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 the asset 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 company'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 includes 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.

Note 1. Significant accounting policies (Continued)

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, which is represented for the amount at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method and adjusted for any allowance loss allowances. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for impairment.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year 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.

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.

Operating segments

Operating segments are presented using the 'management approach' where the information presented is on the same basis as the internal reports provided to the chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

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.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

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.

Note 1. Significant accounting policies (Continued)

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 company for the annual reporting period ended 30 June 2018.

New or amended standards	Date of first-time application for the company	Summary of the requirements
AASB 15 <i>Revenue from Contracts with Customers</i>	1 July 2018	<p>The standard requires contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; a determination of the transaction price, adjusted for the time value of money excluding credit risk; an allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct service provided, and the recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For services, the performance obligation will be satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.</p> <p>Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.</p>
AASB 9 <i>Financial Instruments</i>		<p>This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and introduces new classification and measurement models for financial instruments. Financial assets are to be measured at amortised cost if it is held within a business model with an objective to hold assets to collect contractual cash flows which arise on specified dates and are solely of principal and interest. All other financial assets are to be classified and measured at fair value through profit or loss, unless the entity makes an irrevocable election on initial recognition to present gains and losses in other comprehensive income ('OCI'). For financial liabilities, the portion of the change in fair value relating to the entity's own credit risk is to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. A new method of accounting for impairment of financial assets will become effective, using an 'expected credit loss' ('ECL') model: impairment will be measured under a 12-month ECL method, unless the credit risk on a financial instrument has increased significantly since initial recognition, in which case the lifetime ECL method shall be adopted.</p>
AASB 16 <i>Leases</i>	1 July 2019	<p>AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases.</p> <p>There are some optional exemptions for leases with a period of 12 months or less and for low value leases.</p> <p>Lessor accounting remains largely unchanged from AASB 117.</p>

Impact of adoption

The company has assessed that the impact of the above new or amended Accounting Standards and Interpretations are not material.

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.

Revenue recognition

Judgement is exercised in estimating whether it is probable that the economic benefits associated with the transaction will flow to the company.

Allowance for doubtful debts

The allowance for doubtful debt assessment requires a degree of estimation and judgement when assessing whether certain event represents objective evidence of impairment. .

Note 3. Revenue

	2018 \$	2017 \$
<i>Revenue</i>		
Rendering of services	9,107,133	7,648,307
Revenue	<u>9,107,133</u>	<u>7,648,307</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2018 \$	2017 \$
<i>Major service lines</i>		
Subscriptions	7,506,701	6,385,904
Mobile services	606,333	617,765
Set-up and training fees	544,441	477,590
Consultancy and development revenues	449,658	167,048
	<u>9,107,133</u>	<u>7,648,307</u>
<i>Geographical regions</i>		
Australia	8,111,117	6,989,861
New Zealand	899,401	553,177
Indonesia	96,615	105,269
	<u>9,107,133</u>	<u>7,648,307</u>

Note 4. Other income / (expense) – net

	2018 \$	2017 \$
Foreign exchange gains / (losses) – net	(10,593)	9,540
Interest revenue calculated using the effective interest method	42	62
Other income	<u>(10,551)</u>	<u>9,602</u>

Note 5. Expenses

	2018 \$	2017 \$
Profit before income tax includes the following specific expenses:		
<i>Management fees charged by Parent entity, towards the following expense:</i>		
Data and production costs	1,389,802	1,111,842
Employment costs	2,850,754	1,707,376
Depreciation and amortisation expenses	1,169,542	935,633
Occupancy costs	181,263	145,010
Other costs	280,514	324,196
Total management fees	<u>5,871,875</u>	<u>4,224,057</u>

Note 6. Income tax expense

	2018 \$	2017 \$
<i>Income tax expense</i>		
Current tax	943,381	852,365
Deferred tax - origination and reversal of temporary differences	<u>(6,882)</u>	<u>-</u>
Income tax expense	<u>936,499</u>	<u>852,365</u>
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 10)	<u>(6,882)</u>	<u>-</u>
Deferred tax - origination and reversal of temporary differences	<u>(6,882)</u>	<u>-</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate:</i>		
Profit before income tax expense	3,121,665	2,841,216
Tax at the statutory tax rate of 30%	936,499	852,365
Tax effect amounts which are not deductible in calculating taxable income:		
Aggregate income tax expense	<u>936,499</u>	<u>852,365</u>

Note 7. Current assets - Cash and cash equivalents

	2018 \$	2017 \$
Cash at bank	<u>801,871</u>	<u>469,572</u>

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	<u>801,871</u>	<u>469,572</u>
Balance as per statement of cash flows	<u>801,871</u>	<u>469,572</u>

Note 8. Current assets - Trade and other receivables

	2018 \$	2017 \$
Trade receivables	429,152	229,386
Less: Provision for impairment of receivables	<u>(17,341)</u>	<u>-</u>
	<u>411,811</u>	<u>229,386</u>

Allowance for doubtful debts

The company has recognised a loss of \$22,078 in profit or loss in respect of the allowances for doubtful debts for the year ended 30 June 2018 (2017: Nil).

Movement in allowance for doubtful debts are as follows:

	2018 \$	2017 \$
Opening balance	-	-
Additional provision recognised	22,078	-
Receivables written off as uncollectable	<u>(4,737)</u>	<u>-</u>
Closing balance	<u>17,341</u>	<u>-</u>

Note 9. Receivables from related parties

	2018 \$	2017 \$
Receivable from Parent Company	<u>5,124,473</u>	<u>23,365,984</u>

Related party relates to the balance receivable resulted from periodic bank transfers made to the Holding Company, partly offset by the management fee charge and dividend payments (refer note 5). This receivable has been fully adjusted as at 12 March 2020 by way of a dividend declaration by Commerce Australia Pty Ltd to Domain Holdings Australia Limited.

Note 10. Non-current assets - Deferred tax asset

	2018 \$	2017 \$
Deferred tax asset	<u>6,881</u>	<u>-</u>
<i>Represents timing differences attributable to amounts recognised in profit or loss:</i>		
Allowances for expected credit losses	<u>6,881</u>	<u>-</u>
<i>Movements</i>		
Opening balance	-	-
Credited / (debited) to profit or loss (note 6)	<u>6,881</u>	<u>-</u>
Closing balance	<u>6,881</u>	<u>-</u>

Note 11. Current liabilities - Trade and other payables

	2018 \$	2017 \$
Trade payables	<u>66,213</u>	<u>64,341</u>

Note 12. Current liabilities – Provision for Income tax

	2018 \$	2017 \$
Provision for income tax	<u>943,381</u>	<u>852,365</u>

As at 30 June 2018, the company is part of a Tax Consolidated Group for income tax purposes, of which the Head Entity is Domain Holdings Australia Limited (the parent company). The tax liabilities are therefore discharged by the Head Entity. The company has measured its tax expense and liability as if it continues to be a standalone taxpayer.

Note 13. Equity - Issued capital

	2018 Shares	2017 Shares	2018 \$	2017 \$
Ordinary shares - fully paid	20,000	20,000	20,000	20,000

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 14. Equity - Retained profits

	2018 \$	2017 \$
Retained profits at the beginning of the financial year	23,124,829	21,135,978
Profit after income tax expense for the year	2,185,166	1,988,851
Dividends paid (note 15)	(20,000,000)	-
Retained profits at the end of the financial year	5,309,995	23,124,829

Note 15. Equity – Dividends

Dividends

Dividends declared during the financial year were as follows:

	2018 \$	2017 \$
An unfranked dividend was declared on 22 December 2017 in the amount of \$1,000 per ordinary share to be paid based on 20,000 ordinary shares on issue.	20,000,000	-

The above dividend was paid out over a period of time and offset against the receivables from related parties on 22 December 2017 to the extent of \$20,000,000.

Note 16. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:

	2018 \$	2017 \$
<i>Audit services – RSM Australia Partners</i>		
Audit of the financial statements	13,000	-

Note 17. Contingent liabilities

The company had no contingent liabilities as at 30 June 2018 (30 June 2017: Nil).

Note 18. Commitments

The company had no commitments for expenditure as at 30 June 2018 (30 June 2017: Nil).

Note 19. Parent entities

As at 30 June 2018, and throughout the year ended on that date, the immediate parent entity of the company was Domain Holdings Australia Limited (incorporated in Australia), which owned 100% of the issued share capital of the company. On 13 March 2020, the company was acquired in full by Real Estate CRM Pty Ltd (incorporated in Australia) (note 22).

Note 20. Related party transactions

The following transactions occurred with related parties:

	2018 \$	2017 \$
Payment for services from Parent company – management fees	5,871,875	4,224,057

Receivables from and payables to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2018 \$	2017 \$
Receivable from parent company	5,124,473	23,365,984

Loans to / from related parties

The net loans provided to the parent company during the year ended 30 June 2018 was \$2,449,215 (2017: \$2,358,079).

There were no loans from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 21. Operating segments

Management has determined the operating segments based on the reports reviewed by the Board of Directors. The Board of Directors considers the business from both a product and a geographic perspective and has determined the Company operates in only one reportable segment – Provision of customer relationship management (CRM) tools to customers.

Note 22. Events after the reporting period

Dividends declared after year end

An unfranked dividend was declared on 31 July 2019 in the amount of \$112.298 per ordinary share to be paid based on 20,000 ordinary shares on issue.

Change in ownership

On 13 March 2020, Domain Holdings Australia Limited, the parent company, sold its entire shareholding in the Company to Real Estate CRM Pty Ltd (ACN 639 096 156). Consequently, at the time of this report, Real Estate CRM Pty Ltd is the Company's parent and owns 100% of the ordinary shares in the Company.

Commerce Australia Pty Ltd had been acquired from Domain Holdings Group on a cash and debt-free basis, meaning any related parties loans, payables and receivables were to be settled prior to the transaction, along with any non-working capital items such as tax and GST payable up until the date of the transaction would be extinguished by the seller. The settlement occurred by way of a dividend payment made by Commerce Australia Pty Ltd to Domain Holdings Australia Limited on 12 March 2020.

Impact of COVID-19

On 11 March 2020, the World Health Organisation (WHO) officially declared COVID-19 a pandemic. This has significantly affected the global trade and operations. As at the date of signing this report, there has been a decrease in the Company's revenues of approximately 5% for the financial year 2020 as compared to the revenues for the financial year 2019. At this stage, this is an evolving issue and therefore the extent and full effect of this pandemic on the Company's results for the financial year 2021 and its operations cannot be reliably estimated or quantified.

No other matters or circumstances have occurred subsequent to year-end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

Note 23. Financial instruments

Financial risk management objectives

The company's directors monitor and manage the financial risks relating to the operation of the Company. These risks include credit risk and liquidity risk. The Company's overall risk management program focuses on managing these risks and implementing and monitoring of controls around the cash management function.

The board of directors has overall responsibility for the establishment and oversight of the risk management framework which is summarised below:

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount of those assets, net of any allowance for expected credit losses, as disclosed in the statement of financial position and notes to the financial statements. The Company's cash at bank is deposited with Westpac Bank, National Australia Bank and Bank of New Zealand (BNZ).

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due. The company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

To measure the expected credit losses, trade and other receivables have been grouped based on the days past due.

The Company holds material contracts with which, the material credit risk exposure is low as the nature of the business being core to the management and day to day operations of the customers business, this creates a natural hedge.

The expected loss rates for the company reflect current and forward-looking information mainly, changes in the macro economic environment which have placed significant downward pressure on all businesses in Australia and New Zealand.

Note 23. Financial Instruments (continued)

Liquidity risk

Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Market risk

Foreign currency risk

The company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management has put in place a policy requiring the company to manage their foreign exchange risk against their functional currency. The company is required to bring significant foreign currency transactions to the attention of the central finance function for evaluation as to the use of hedging using forward foreign currency contracts.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. The amounts shown are those translated into \$AUD at the closing rate and shows the impact of the Australian dollar strengthening or weakening 10% against the New Zealand dollar.

Foreign currency denominated financial assets which expose the company to currency risk are disclosed below. The amounts shown are those translated into \$AUD at the closing rate and shows the impact of the Australian dollar strengthening or weakening 10% against the New Zealand dollar.

Assets below are currently in NZD denominations and have been translated to AUD			
	AUD	Strengthening AUD + 10% Profit or (Loss) impact	Weakening AUD - 10% Profit or (Loss) impact
30 June 2018	\$	\$	\$
Financial assets	645,756	(58,705)	71,751

Assets below are currently in NZD denominations and have been translated to AUD			
	AUD	Strengthening AUD + 10% Profit or (Loss) impact	Weakening AUD - 10% Profit or (Loss) impact
30 June 2017	\$	\$	\$
Financial assets	36,731	(3,339)	4,081

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the company's exposure to currency risk.

Price risk

The company is not exposed to any significant price risk.

Interest rate risk

The company holds its surplus cash in bank deposits with floating interest rates. The company analyses its interest rate exposure on an ongoing basis.

Currently there are no assets or liabilities that are materially exposed to variations in interest rate changes.

Note 24. Fair value measurement

Due to their short-term nature, the net fair values of financial assets and liabilities approximate their carrying value as disclosed in the statement of financial position. No financial assets or liabilities are readily traded on organised markets in standardised form.

Note 25. Reconciliation of profit after income tax to net cash from operating activities

	2018	2017
	\$	\$
Profit after income tax expense for the year	2,185,166	1,988,851
Adjustments for:		
Bad debts and provision for doubtful debts	22,078	-
Net unrealised foreign exchange losses / (gains)	5,225	-
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	(433,890)	(112,524)
(Increase) / decrease in deferred tax assets	(6,881)	-
Increase/(decrease) in trade and other payables	71,660	(204,975)
Increase/(decrease) in deferred tax liabilities	-	-
Increase/(decrease) in provision for income tax	943,381	840,444
Net cash from operating activities	<u>2,786,739</u>	<u>2,511,796</u>

Commerce Australia Pty Ltd
Directors' declaration
30 June 2018

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- 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 directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.



Joseph Hanna
Director

24 July 2020

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMERCE AUSTRALIA PTY LTD

Opinion

We have audited the financial report of Commerce Australia Pty Ltd ("the Company"), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration. In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Other Information (Continued)

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

The financial report of the Company for the year ended 30 June 2017 was not audited.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors 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 objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance; but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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/ar4.pdf. This description forms part of our auditor's report.



RSM AUSTRALIA PARTNERS



R J MORILLO MALDONADO

Partner

Dated: 30 July 2020
Melbourne, Victoria