

Underwood Innovation Lab Pty Ltd
For the period 21 September 2023 to 30 June
2024

Contents

3	Directors Report
6	Income Statement
8	Appropriation Statement
9	Balance Sheet
10	Statement of Cash Flows
11	Notes to the Financial Statements
13	Directors Declaration

UNDERWOOD INNOVATION LAB PTY LTD

41 671 621 186

**Directors Report
for the Year Ended 30 June 2024**

The Directors present their report together with the financial statements of Underwood Innovation Lab Pty Ltd (the "Company") for the financial year ended 30 June 2024.

Directors

The names of the directors in office at any time during or since the end of the year are:

Dr Stefan Korn (Chair)

Ms Sarah Duncan

Ms Megan James

Mr Michael Dickerson

The directors have been in office since 25 September 2023.

Directors' Meetings

The number of meetings of the Board of Directors held during the year ended 30 June 2024 and the number of meetings attended by each of the directors are:

Names	A	B
Dr Stefan Korn (Chair)	5	5
Ms Sarah Duncan	4	5
Ms Megan James	5	5
Mr Michael Dickerson	5	5

A Number of meetings attended

B Number of meetings held during the time the director held office

Operating Result

The loss of the company for the financial year amounted to \$1,097,567.00.

Review of Operations

A review of the company's operations during the financial year, and the results of those operations, is as follows:

1. Adequate, fit for purpose governance in place;
2. Current lease arrangement for premises is congruent with business needs; and
3. Revised Brand and Marketing Strategy in place.

The company's operations during the year performed as expected in the opinion of the directors.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the company during the financial year were:

1. Commercialisation of Residency Program - start-up and scale-up firms operating in/across the artificial intelligence, robotics and software as a service sectors;
2. Venture Programming - Disruptor's Blueprint Program in partnership with the Network for Global Innovation; and
3. Industry innovation - Drone Centre of Excellence Project business case.

No significant change in the nature of these activities occurred during the year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which 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 future financial years.

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

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Australian Commonwealth or of a State or Territory.

Dividends

Dividends paid or declared since the start of the financial year are as follows:

- a) there were no dividends paid during the year.
- b) there were no dividends or distributions recommended or declared for payment to members during the year that have not been paid or credited to the member throughout the year.

Indemnifying Officer or Auditor

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

Auditor's Independence Declaration

The auditor's independence declaration is included on page 11.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company, or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Directors:



Signer ID: ZNOEBATW13...

Dr Stefan Korn

Director

Dated this 4th day of October 2024

Underwood Innovation Lab Pty Ltd | 4 October 2024

Page 4 of 13

Sarah Duncan

Signer ID: 5V08LBZA13...

Ms Sarah Duncan

Director

Dated this 4th day of October 2024

Megan James

Signer ID: SWM2FTX313...

Ms Megan James

Director

Dated this 4th day of October 2024

Michael Dickerson

Signer ID: BCJ1HC4U13...

Mr Michael Dickerson

Director

Dated this 4th day of October 2024

Income Statement

Underwood Innovation Lab Pty Ltd

For the period 21 September 2023 to 30 June 2024

	NOTES	2024
Income		
Income - Drone Project		176,792
Income - Residency Program		8,503
Cost of Sales		
COGS - Drone Project Expenses		(128,855)
Total Cost of Sales		(128,855)
Total Income		56,440
Other Income		
Interest Income		34,784
Total Other Income		34,784
Total Income		91,224
Expenses		
Accounting costs		17,893
Accrued Employee Costs		52,891
Advertising		2,383
Amortisation		11,154
Bank Fees		97
Bookkeeping costs		6,217
Consultant costs		98,395
Depreciation		6,458
Entertainment		1,758
Foreign Currency Gains and Losses		1,732
HR Services		15,804
IT Services		9,070
Lease operating expenses		16,233
Legal expenses		20,666
Marketing Consultants		49,482
Mobile Allowance		2,180
Office Expenses/ Staff Amenities		1,204
Printing & Stationery		101
Rent/Lease		83,333
Repairs and Maintenance		4,081
Staff Training and Development		12,840
Subscriptions		5,526
Superannuation - Board Members		10,800
Superannuation - Employees		69,456
Travel and Accommodation		3,308
Wages and Salaries - Board Members		90,000

The accompanying notes form part of these financial statements.

Income Statement

	NOTES	2024
Wages and Salaries - Employees		595,728
Total Expenses		1,188,792
Profit/(Loss) before Taxation		(1,097,567)
Net Profit After Tax		(1,097,567)
Net Profit After Dividends Paid		(1,097,567)

The accompanying notes form part of these financial statements.

Appropriation Statement

Underwood Innovation Lab Pty Ltd

For the period 21 September 2023 to 30 June 2024

	NOTES	2024
Retained Earnings after Appropriation		
Profit/(Loss) Before Taxation		(1,097,567)
Retained Earnings After Appropriation		(1,097,567)

The accompanying notes form part of these financial statements.

Balance Sheet

Underwood Innovation Lab Pty Ltd

For the period 21 September 2023 to 30 June 2024

NOTES 30 JUNE 2024

Assets

Current Assets

Cash and Cash Equivalents

Bank Accounts

CBA - Short term high interest account	880,000
DDA - Business Online Saver	84,249
DDA - Business Transaction Account	274,847
Total Bank Accounts	1,239,096

Total Cash and Cash Equivalents	1,239,096
---------------------------------	-----------

GST	12,661
-----	--------

Total Current Assets	1,251,757
----------------------	-----------

Non-Current Assets

Property, Plant and Equipment	4,498
-------------------------------	-------

Intangibles

Intangibles	41,030
Intangibles - Accumulated Amortisation	(11,154)
Total Intangibles	29,876

Security Bond - Property Lease Agreement	50,000
--	--------

Total Non-Current Assets	84,373
--------------------------	--------

Total Assets	1,336,130
--------------	-----------

Liabilities

Current Liabilities

Taxation	(250)
Accounts Payable	123,125
Accrued - Employee Entitlements	12,868
Accrued - Payroll Tax	40,024
Corporate Credit Card - HM	2,136
PAYG Withholdings Payable	22,264
Superannuation Payable	33,531
Total Current Liabilities	233,697

Total Liabilities	233,697
-------------------	---------

Net Assets	1,102,433
------------	-----------

Equity

Retained Earnings	(1,097,567)
Share Capital	2,200,000
Total Equity	1,102,433

The accompanying notes form part of these financial statements.

Statement of Cash Flows

Underwood Innovation Lab Pty Ltd

For the period 21 September 2023 to 30 June 2024

2024

Cash flows from Operating Activities

Receipts from customers	203,824
Payments to suppliers and employees	(717,271)
Interest received	34,784
Cash payments from other operating activities	(380,257)
Total Cash flows from Operating Activities	(858,919)

Cash flows from Investing Activities

Payment for property, plant and equipment	(10,955)
Other cash items from investing activities	(41,030)
CBA - Short term high interest account	(880,000)
Total Cash flows from Investing Activities	(931,985)

Cash flows from Financing Activities

Share Capital	2,200,000
Security Bond - Property Lease Agreement	(50,000)
Total Cash flows from Financing Activities	2,150,000

Net increase/(decrease) in cash held	359,096
--------------------------------------	---------

Cash Balances

Opening cash balance	
Closing cash balance	359,096
Movement in cash	359,096

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

Underwood Innovation Lab Pty Ltd

For the period 21 September 2023 to 30 June 2024

1. Statement of Significant Accounting Policies

The directors have determined that Underwood Innovation Lab Pty Ltd is not a reporting entity and accordingly, this financial report is a special purpose report prepared for the sole purpose of distributing a financial report to members and must not be used for any other purpose. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures'.

The financial report has been prepared on an accrual basis and under the historical cost convention, except for certain assets, which, as noted, have been written down to fair value as a result of impairment. Unless otherwise stated, the accounting policies adopted are consistent with those of the prior year.

The accounting policies that have been adopted in the preparation of the statements are as follows:

Income Tax

The income tax expense for the year comprises current income tax expense. The company does not apply deferred tax. Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at 30 June 2024. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Property, Plant and Equipment

Property, plant and equipment is initially recorded at the cost of acquisition or fair value less, if applicable, any accumulated depreciation and impairment losses. Plant and equipment that has been contributed at no cost, or for nominal cost, is valued and recognised at the fair value of the asset at the date it is acquired. The plant and equipment is reviewed annually by directors to ensure that the carrying amount is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the utilisation of the assets and the subsequent disposal. The expected net cash flows have been discounted to their present values in estimating recoverable amounts.

Intangibles

Intangible assets including Capitalised Software Development are amortised on a straight-line basis over their estimated useful lives, which range from 5 to 15 years. The company assesses the recoverability of these assets annually.

Trade and Other Receivables

Trade receivables and other receivables, including distributions receivable, are recognised at the nominal transaction value without taking into account the time value of money. If required a provision for doubtful debt has been created.

Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at 30 June 2024. Trade payables are recognised at their transaction price. They are subject to normal credit terms and do not bear interest.

Provisions

Provisions are recognised when the entity has a legal or constructive obligation resulting from past events, for which it is probable that there will be an outflow of economic benefits and that outflow can be reliably measured. Provisions are measured using the best estimate available of the amounts required to settle the obligation at the end of the reporting period.

Amounts provided for in the financial statements include:

1. Employee Entitlements

2. Payroll Tax estimate

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Revenue Recognition

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of services is recognised upon the delivery of the services to customers.

Revenue from commissions is recognised upon delivery of services to customers.

Revenue from interest is recognised using the effective interest rate method.

Revenue from dividends is recognised when the entity has a right to receive the dividend.

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

Goods and Services Tax

Transactions are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the balance sheet.

Leases

Finance leases are leases of fixed assets where substantially all of the risks and benefits incidental to the ownership of the asset are transferred to the entity, but the legal ownership is not transferred to the entity.

Finance leases are capitalised by recording an asset and a corresponding liability at the lower of the amounts equal to the fair value of the leased asset, or the minimum lease payments measured at present value including any residual values.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Operating lease payments are charged to the income statement on a straight-line basis over the term of the lease.

Lease incentives are deferred and amortised over the period of the lease.

Profits and losses on sale and leaseback transactions are recognised in the reporting period in which they occur.

Economic Dependence

Presently, the company is dependent on the ongoing relationship and financial assistance from Logan City Council to support the funding of its programs. As part of the funding agreement conditions, the Council has conducted a nine-month review of the company's operations. As a consequence, at its Ordinary meeting on the 11 September 2024, Council approved funding of \$1,126,730 to Underwood Innovation Lab Pty Ltd in respect of the 2024-25 financial year.

Directors Declaration

Underwood Innovation Lab Pty Ltd

For the period 21 September 2023 to 30 June 2024

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. the financial statements and notes, present fairly the company's financial position as at 30 June 2024 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Stefan Korn

Signer ID: 7NOFBATW13...

Dr Stefan Korn

Director

Sarah Duncan

Signer ID: 5VO8LBZA13...

Ms Sarah Duncan

Director

Megan James

Signer ID: SWM2ETX313...

Ms Megan James

Director

Michael Dickerson

Signer ID: BC11HC4U13...

Mr Michael Dickerson

Director

Dated: 4 October 2024

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Underwood Innovation Lab Pty Ltd

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of Underwood Innovation Lab Pty Ltd for the financial year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



David Adams
as delegate of the Auditor-General
3 October 2024

Queensland Audit Office
Brisbane

INDEPENDENT AUDITOR'S REPORT

To the Members of Underwood Innovation Lab Pty Ltd

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Underwood Innovation Lab Pty Ltd.

The financial report comprises the balance sheet as at 30 June 2024, the income statement, appropriation statement and statement of cash flows for the year then ended, notes to the financial statements including material accounting policy information, and the directors' declaration.

In my opinion, the financial report:

- a) gives a true and fair view of the company's financial position as at 30 June 2024, and its financial performance and cash flows for the year then ended
- b) complies with the financial reporting framework described in Note 1.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – basis of accounting

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial accountability responsibilities. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Other information

Those charged with governance are responsible for the other information.

The other information comprises the information included in the entity's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

The other information comprises the information contained in the director's report (but does not include the financial report and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Annual report, which is expected to be made available to us after that date.

In connection with my audit of the financial report, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the company for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the financial reporting framework described in Note 1, and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In fulfilling this responsibility, the company's directors determined that the basis of preparation described in Note 1 is appropriate to meet their accountability requirements.

The company's directors are also responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My 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 my 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 my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf



9 October 2024

David Adams
as delegate of the Auditor-General

Queensland Audit Office
Brisbane