

**ADT Security Limited
Annual Report
for the year ended 30 September 2021**

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Directors' report

The Board of Directors have pleasure in presenting the annual report of ADT Security Limited, incorporating the financial statements and the auditors' report, for the year ended 30 September 2021.

With the unanimous agreement of all shareholders, ADT Security Limited has taken advantage of the reporting concessions available to it under section 211(3) of the Companies Act 1993.

The Board of Directors of ADT Security Limited authorised these financial statements presented on pages 6 to 33 for issue on 28 February 2022 .

For and on behalf of the Board.



Elton Lancini
Director

28 February 2022



David Wanyoike Kirubi
Director

28 February 2022



Independent auditor's report

To the shareholder of ADT Security Limited

Our opinion

In our opinion, the accompanying financial statements of ADT Security Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 30 September 2021, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

We have audited

The Company's financial statements comprise:

- the statement of financial position as at 30 September 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

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Liability limited by a scheme approved under Professional Standards Legislation.



Other matter

The Company was not required to prepare or lodge an audited financial report for the year ended 30 September 2020. The comparative amounts included in this financial report are therefore unaudited.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS RDR, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability 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 statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are 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 ISAs NZ and ISAs 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our auditor's report.



Who we report to

This report is made solely to the Company's shareholder. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Ben Meacock.

For and on behalf of:

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

Chartered Accountants
28 February 2022

Sydney

I, Ben Meacock, am currently a member of Chartered Accountants Australia and New Zealand and my membership number is 288348.

PricewaterhouseCoopers was the audit firm appointed to undertake the audit of ADT Security Limited for the year ended 30 September 2021. I was responsible for the execution of the audit and delivery of our firm's auditor's report. The audit work was completed on 28 February 2022 and an unqualified opinion was issued.

A handwritten signature in black ink that appears to be 'Ben Meacock' in a cursive script.

Ben Meacock

ADT Security Limited
Statement of comprehensive income
For the year ended 30 September 2021

	Notes	2021 \$	Unaudited 2020 \$
Revenue	4	49,031,530	50,136,090
Cost of sales and services		<u>(28,227,453)</u>	<u>(25,120,028)</u>
Other operating expenses			
Administration		(8,413,833)	(10,585,533)
Other expenses		(1,696,551)	(2,718,724)
Impairment of goodwill		<u>-</u>	<u>(5,961,791)</u>
Total operating expenses	6	(38,337,837)	(44,386,076)
Other income	5	<u>-</u>	<u>28,747,571</u>
Operating profit		<u>10,693,693</u>	<u>34,497,585</u>
Finance income / (costs) - net	7	(36,321)	(73,893)
Profit before income tax		<u>10,657,372</u>	<u>34,423,692</u>
Income tax benefit	8	<u>280,359</u>	<u>289,115</u>
Profit for the year		<u>10,937,731</u>	<u>34,712,807</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>10,937,731</u>	<u>34,712,807</u>
Total comprehensive income for the year is attributable to:			
Equity holders of ADT Security Limited		<u>10,937,731</u>	<u>34,712,807</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

ADT Security Limited
Statement of financial position
As at 30 September 2021

	Notes	2021 \$	Unaudited 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	40,233,183	-
Trade and other receivables	10	22,910,578	141,487,289
Inventories	11	511,322	361,087
Current tax receivables		-	528,982
Contract assets	4	<u>2,579,630</u>	<u>1,761,617</u>
Total current assets		<u>66,234,713</u>	<u>144,138,975</u>
Non-current assets			
Property, plant and equipment	12	24,174,075	16,735,783
Intangible assets	14	6,927,967	6,860,904
Right of use asset	13	<u>663,894</u>	<u>616,353</u>
Total non-current assets		<u>31,765,936</u>	<u>24,213,040</u>
Total assets		<u>98,000,649</u>	<u>168,352,015</u>
LIABILITIES			
Current liabilities			
Trade and other payables	15	5,068,870	85,942,089
Interest bearing liabilities	16	-	705,984
Provisions	17	1,195,161	1,133,878
Contract liabilities	4	1,262,082	784,309
Lease liabilities	13	<u>270,799</u>	<u>255,796</u>
Total current liabilities		<u>7,796,912</u>	<u>88,822,056</u>
Non-current liabilities			
Provisions	18	39,952	59,855
Deferred tax liabilities	19	177,313	457,672
Lease liabilities	13	<u>406,500</u>	<u>370,191</u>
Total non-current liabilities		<u>623,765</u>	<u>887,718</u>
Total liabilities		<u>8,420,677</u>	<u>89,709,774</u>
Net assets		<u>89,579,972</u>	<u>78,642,241</u>
EQUITY			
Contributed equity	20	10,914,945	10,914,945
Retained earnings	21	<u>78,665,027</u>	<u>67,727,296</u>
Total equity		<u>89,579,972</u>	<u>78,642,241</u>

The Board of Directors of ADT Security Limited authorised these financial statements presented on pages 6 to 33 for issue on 28 February 2022.

For and on behalf of the Board.



Elton Lancini
 Director
 28 February 2022



David Wanyoike Kirubi
 Director
 28 February 2022

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

ADT Security Limited
Statement of changes in equity
For the year ended 30 September 2021

	Share Capital	Retained earnings	Total equity
	\$	\$	\$
Balance as at 1 October 2019	10,914,945	33,014,489	43,929,434
Profit for the year	<u>-</u>	<u>34,712,807</u>	<u>34,712,807</u>
Total comprehensive income	<u>-</u>	<u>34,712,807</u>	<u>34,712,807</u>
Balance as at 30 September 2020	<u>10,914,945</u>	<u>67,727,296</u>	<u>78,642,241</u>
	Share Capital	Retained earnings	Total equity
Balance as at 1 October 2020	10,914,945	67,727,296	78,642,241
Profit for the year	<u>-</u>	<u>10,937,731</u>	<u>10,937,731</u>
Total comprehensive income	<u>-</u>	<u>10,937,731</u>	<u>10,937,731</u>
Balance as at 30 September 2021	<u>10,914,945</u>	<u>78,665,027</u>	<u>89,579,972</u>

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

ADT Security Limited
Statement of cash flows
For the year ended 30 September 2021

	2021	Unaudited 2020
Notes	\$	\$
Cash flows from operating activities		
Receipts from customers	48,907,988	50,571,838
Payments to suppliers and employees	(34,574,461)	(37,228,824)
Interest paid	(36,321)	(73,893)
Income tax refund/(paid)	528,983	(528,981)
Net cash inflow from operating activities	<u>14,826,189</u>	<u>12,740,140</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(9,725,186)	(6,200,758)
Payments for intangible assets	(35,802)	(68,314)
Loans from related parties	118,593,164	67,741,668
Proceeds from sale of property and plant	-	7,178
Repayment of related party balances	(82,455,819)	-
Net cash inflow from investing activities	<u>26,376,357</u>	<u>61,479,774</u>
Cash flows from financing activities		
Principal lease payments	(263,379)	(293,125)
Net cash outflow from financing activities	<u>(263,379)</u>	<u>(293,125)</u>
Net increase in cash and cash equivalents	40,939,167	73,926,789
Cash and cash equivalents at the beginning of the financial year	(705,984)	(74,632,773)
Cash and cash equivalents at end of year	9,16 <u>40,233,183</u>	<u>(705,984)</u>

The above cash flow statement should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

These financial statements are for ADT Security Limited ('the Company').

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.

(a) Basis of preparation

ADT Security Limited is a company registered under the Financial Reporting Act 2013 and the Companies Act 1993.

The financial statements of the ADT Security Limited have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (GAAP). ADT Security Limited is a for-profit entity for the purposes of complying with GAAP. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS RDR.

The Company is eligible and has elected to report in accordance with Tier 2 For-profit Accounting Standards New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime (NZ IFRS RDR) on the basis that the Company has no public accountability and is not a large for-profit public sector entity. The Company has elected to report in accordance with NZ IFRS RDR and has applied disclosure concessions.

Historical cost convention

These financial statements have been prepared under the historical cost convention, except otherwise stated.

Adoption of New Revised Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the current or future reporting periods, nor on foreseeable future transactions.

Covid-19

In 2020 the World Health Organisation declared a global pandemic as a result of the outbreak and spread of Covid-19. Following this, the New Zealand Government raised its COVID-19 alert level to 4, which required all non-essential businesses whose employees could not work from home to close for a four-week period. During the period when New Zealand was at COVID-19 alert level 4, all servicing and non-essential operations were cancelled. Staff worked from home to the extent possible. At alert level 3 the business facilities and operations resumed under carefully managed COVID-safe conditions. At alert level 2, all staff were able to return to their normal work environments.

It is not possible to estimate the exact future impacts of COVID-19 on the Company. The future impacts of COVID-19 will also be dependent on the New Zealand Government's efforts to combat COVID-19 and support businesses. The safety and security of the Company's workforce is a key concern in a COVID-19 environment, robust measures have been put in place to operate in a manner that mitigates the risks of COVID-19, these include strict protocols surrounding project management and separation of teams within projects. These measures are not only intended to keep the workforce safe and limit the extent of any exposure should an employee become infected but also mitigate the risk of project disruptions due to large portions of the workforce being required to self-isolate.

The Company anticipates that revenue will be negatively impacted for some time due to the wider economic impacts of the COVID-19 pandemic. The Company has been able to generate revenue in the months post the alert level 4 which has been consistent with or in excess of pre-COVID levels. Part of the excess relates to the backlog revenue that was caught up and there is therefore an element of uncertainty surrounding the sustainability of that revenue into the future. Notwithstanding this uncertainty, the Company has considered the known impacts of the COVID-19 pandemic on the financial statements for the year ended 30 September 2021 and determined that no adjustments to the 30 September 2021 balances were necessary.

Critical accounting estimates

The preparation of financial statements in conformity with NZ IFRS 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.

1 Summary of significant accounting policies (continued)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in New Zealand Dollars, which is the Company's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customer, at the consideration expected to be exchanged for those goods or services. Amounts disclosed as revenue are net off trade allowances, rebates, expected returns and duties and taxes paid

In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, significant financing components, non-cash consideration and consideration payable to customers (if any).

Revenue is recognised for the major business activities as follows:

(i) Labour & Material (L&M)

This includes small installation and repair work and the revenue is recognised over a period of time as services are performed. Where it is probable that a loss will arise from a job, excess costs over the total expected revenue is recognized as an expense immediately.

(ii) Installations

Contract revenue and expenses are recognised over a period of time using the input method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a construction contract, the excess of total expected contract costs over total expected contract revenue is recognised as an expense immediately. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

For fixed price contracts, the stage of completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for each contract. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus the percentage of fees earned. The percentage of fees earned is measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

(iii) Service agreements

Service contract revenue is recognised over a period of time as services are performed. Where it is probable that a loss will arise from a service contract, excess costs over the total expected contract revenue is recognised as an expense immediately.

(iv) Product sales and other

A sale is recorded when goods have been delivered to the customer, the customer has accepted the goods and collectability of the related receivables is probable. The revenue is recognized at a point in time.

1 Summary of significant accounting policies (continued)

(d) Other income

Other income is recognised when earned. Other revenue includes net gain on disposal of property, plant and equipment, foreign exchange gains and other miscellaneous income.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(e) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are permanently non-taxable or non-deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Unused tax losses by the entity are transferred to Bluesky HoldCo Limited and unused tax losses from other NZ entities are utilised against the Company's profit. In terms of the New Zealand's corporate taxation legislation, Group companies can offset losses by election as well as by subvention payment. A subvention payment is a payment made by the profit company to the loss company and cannot exceed the amount of the loss company's loss. The payment is deductible to the profit company and assessable to the loss company. The Company has utilized this option to offset its profits against Bluesky's assessed losses.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Adjustments are made for transactions and events occurring within the Company that do not give rise to a tax consequence for the Company or that have a different tax consequence at the level of the Company.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of the deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

1 Summary of significant accounting policies (continued)

(e) Taxation (continued)

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquiree's interest in the net fair value of the acquiree's identifiable assets, or liabilities and contingent liabilities over the cost of the business combination.

(f) Goods and Services Tax (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(g) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in NZ IFRS 16.

The Company as lessee

For any new contracts entered, the company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the company
- the company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the company has the right to direct the use of the identified asset throughout the period of use. The company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Contracts may contain both lease and non-lease components, the company has elected not to separate lease and non lease components and instead accounts for these as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost comprising, the amount of the initial measurement of lease liability; adjusted for any lease payments made at or before the commencement date less any lease incentives received; plus any initial direct costs; and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, unless the lease transfers ownership of the underlying asset to the company at the end of the lease term or the company is reasonably certain to exercise a purchase option. In that case, the right-of-use asset is depreciated over the underlying asset's useful life, which is determined on the same basis as those of property, plant and equipment. In addition, the right of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined the company's incremental borrowing rate is used, being the rate that the company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

1 Summary of significant accounting policies (continued)

(g) Leases (continued)

The Company as lessee (Continued)

To determine the incremental borrowing rate, the company obtains interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased (security).

Lease payments included in the measurement of the lease liability comprise:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the company under residual value guarantees;
- the exercise price of a purchase option if the company is reasonably certain to exercise that option;
- payments of penalties for terminating the lease unless the company is reasonably certain not to terminate the lease early.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when:

- there is a change in future lease payments arising from a change in an index or rate;
- if there is a change in the estimate of the amount expected to be payable under a residual value guarantee;
- if there is a change in the company's assessment of whether it will exercise a purchase, extension or termination option: or
- if there is a revised in-substance fixed lease payment.

(h) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

An impairment loss is recognised immediately in profit or loss. An impairment loss for goodwill is never reversed. For other assets, when the circumstances that caused the impairment loss are favourably resolved, the impairment loss is reversed immediately in profit or loss.

(i) 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, and bank overdrafts.

1 Summary of significant accounting policies (continued)

(j) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 90 – 120 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(k) Inventories

Finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to be incurred in marketing, selling and distribution.

(l) Contract assets and liabilities

Contract assets are stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under contract liabilities.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Company's installation activities in general.

(m) Property, plant and equipment

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

Leasehold improvements are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the improvements.

Depreciation of property, plant and equipment is calculated using the straight line method so as to write off the net cost over its estimated useful life to its estimated residual value. The rate are as follows:

- Leasehold improvements	period of the lease or estimated useful life
- Machinery	7% - 33.33%
- Vehicles	20% - 33.33%

Capital work in progress is not depreciated until commissioned.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss in income statement.

1 Summary of significant accounting policies (continued)

(n) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of a business acquisition over the fair value of the Company's share of the net identifiable assets of the acquired business at the date of acquisition.

Goodwill on acquisitions of businesses is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash generating units for the purpose of impairment testing annually. Each of these cash generating units represents the Company's investment in each trading activity.

(ii) Customer contracts

These represent costs incurred in relation to the acquisition of customer contracts for security monitoring lines (ADT dealer payments and NVA connection costs). Based on historical data on customer contracts the amortisation policy is 20% diminishing value over 8 years followed by 25% straight line amortisation of the balance.

(iii) Computer software

Computer software has a finite useful life. Software costs are capitalised and written off over their useful economic life of 3 to 5 years.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These are recognised when the Company becomes obliged to make future payments resulting from purchase of goods and services.

(p) Provisions

Provisions for legal claims, service warranties and rental obligations including make-good provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount of the provision can be reliably estimated. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation taking in to account the risks and uncertainties surrounding the obligation. Where a provision is measured using the obligation, its carrying amount is the present value of those cash flows.

(q) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. 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 end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1 Summary of significant accounting policies (continued)

(r) Contributed Equity

Ordinary shares and non voting redeemable preference shares are classified as equity.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both periods.

The entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Recognition of revenue from contracts with customers

The revenue recognition and balance sheet positions of installations and L&M contracts require estimates to be made of the outcomes under these contracts, including the total expected costs and the total expected revenues. These estimates require judgement, which is based on management's regular processes to plan and monitor the performance of the contracts. Any significant changes in the estimates may materially affect the revenue recognition, loss provisions and/or balance sheet positions for the construction contracts.

(ii) Lease accounting

Lease accounting under NZ IFRS 16 is significantly more complex than under previous reporting requirements and necessitates the collation and processing of very large amounts of data and the increased use of management judgements and estimates to produce financial information. The most significant accounting judgements are Lease identification and lease term and incremental borrowing rate determination.

Lease identification

Whether the arrangement is considered a lease or a service contract depends on the analysis by management of both the legal form and substance of the arrangement between the Company and the counter-party to determine if control of an identified asset has been passed between the parties; if not, the arrangement is a service arrangement. Control exists if the Company obtains substantially all of the economic benefit from the use of the asset, and has the ability to direct its use, for a period of time. An identified asset exists where an agreement explicitly or implicitly identifies an asset or a physically distinct portion of an asset which the lessor has no substantive right to substitute.

Lease term

Where leases include additional optional periods after an initial lease term, significant judgement is required in determining whether these optional periods should be included when determining the lease term. The impact of this judgement is significantly greater where the Company is a lessee. As a lessee, optional periods are included in the lease term if the Company is reasonably certain it will exercise an extension option or will not exercise a termination option; this depends on an analysis by management of all relevant facts and circumstances including the leased asset's nature and purpose, the economic and practical potential for replacing the asset and any plans that the Company has in place for the future use of the asset.

Incremental borrowing rates (IBR)

The Company accounts for leases in accordance with NZ IFRS 16, which requires judgement to be made in determining the incremental borrowing rate. The IBR is the rate of interest the group would have pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the leased asset in a similar economic environment. The Company estimates the incremental borrowing rate based on the leased term, collateral assumptions, and the economic environment in which the lease is denominated.

(iii) Expected credit losses for trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. Due to the large number of debtors, this assessment is based on expected credit losses as described in note 10.

2 Critical accounting estimates and judgements (continued)

(iv) Income taxes

The Company is subject to income taxes in New Zealand. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

3 Financial instruments by category

The Company's financial assets are measured at amortised cost. The Company's financial assets are held within a business model whose objective is to hold the financial asset to collect contractual cash flows and the financial asset gives rise to contractual cash flows on specified dates that are payments of principal and interest on the principal outstanding.

The Company's financial liabilities are measured at amortised cost except for contingent consideration which is required to be measured at fair value through profit and loss.

The Company's financial assets and liabilities by category are summarised as follows:

Financial assets as per Statement of Financial Position	Measured at amortised cost \$
At 30 September 2021	
Trade receivables	4,379,725
Other receivables	1,296,152
Receivables from related parties	17,234,701
Cash and cash equivalents	<u>40,233,183</u>
Total financial assets	<u>63,143,761</u>
	Measured at amortised cost \$
At 30 September 2020 (Unaudited)	
Trade receivables	4,538,031
Other receivables	1,121,393
Receivables from related parties	<u>135,827,865</u>
Total financial assets	<u>141,487,289</u>
	Measured at amortised cost \$
Financial liabilities as per Statement of Financial Position	
At 30 September 2021	
Trade payables	2,587,525
Other payables	1,900,028
Payables to related parties	<u>354,717</u>
Total financial liabilities	<u>4,842,270</u>
At 30 September 2020 (Unaudited)	
Trade payables	2,036,492
Other payables	886,209
Payables to related parties	<u>82,810,536</u>
Total financial liabilities	<u>85,733,237</u>

4 Revenue

	2021 \$	Unaudited 2020 \$
Revenue from operations		
Product sale and others	250,868	208,146
Services agreements	33,242,535	34,133,722
Installations	10,595,344	10,636,335
L&M	4,942,783	5,157,887
Total revenue	<u>49,031,530</u>	<u>50,136,090</u>

a) Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time and services over time in the following major product lines:

	Product sale and others	Service agreements	Installations	L&M	Total
2021					
Revenue	250,868	33,242,535	10,595,344	4,942,783	49,031,530
	<u>250,868</u>	<u>33,242,535</u>	<u>10,595,344</u>	<u>4,942,783</u>	<u>49,031,530</u>

Timing of revenue recognition					
At a point in time	250,868	-	-	-	250,868
Over time	-	33,242,535	10,595,344	4,942,783	48,780,662
	<u>250,868</u>	<u>33,242,535</u>	<u>10,595,344</u>	<u>4,942,783</u>	<u>49,031,530</u>

	Product sale and others	Service agreements	Installations	L&M	Total
Unaudited 2020					
Revenue	208,146	34,133,722	10,636,335	5,157,887	50,136,090
	<u>208,146</u>	<u>34,133,722</u>	<u>10,636,335</u>	<u>5,157,887</u>	<u>50,136,090</u>

Timing of revenue recognition					
At a point in time	208,146	-	-	-	208,146
Over time	-	34,133,722	10,636,335	5,157,887	49,927,944
	<u>208,146</u>	<u>34,133,722</u>	<u>10,636,335</u>	<u>5,157,887</u>	<u>50,136,090</u>

b) Assets and liabilities related to contracts with customers

The Company has recognised the following assets and liabilities related to contracts with customers.

	2021 \$	Unaudited 2020 \$
Contract assets		
Contract asset - Work in progress	2,579,630	1,761,617
Total contract assets	<u>2,579,630</u>	<u>1,761,617</u>
Contract liabilities - Billing in advance	<u>1,262,082</u>	<u>784,309</u>
Total contract liabilities	<u>1,262,082</u>	<u>784,309</u>

5 Other income

	2021 \$	Unaudited 2020 \$
Gain on write back of related party payables	-	28,747,551
Other income	<u>-</u>	<u>20</u>
	<u>-</u>	<u>28,747,571</u>

The gain on write back of related party receivables in 2020 relates to related party balances that were waived by the counter-parties. This resulted in a gain of \$28,747,551 being recognised in 2020.

6 Expenses

	2021 \$	Unaudited 2020 \$
Short term operating lease expenses	22,171	3,068
<i>Employee benefit expense</i>		
Salaries and wages	11,796,498	10,504,325
Labour cost - contractors and casual	<u>7,567,831</u>	<u>6,836,749</u>
	<u>19,364,329</u>	<u>17,341,074</u>
Impairment of goodwill	-	5,961,791
Advertising	334,562	1,112,623
Royalties	1,546,801	1,498,554
Accounting and professional fees	112,657	70,713
Management fees	2,745,121	2,984,211
Property, plant and equipment - depreciation	1,827,849	1,783,530
Right of use assets - depreciation	267,149	295,580
Intangible assets - amortisation	<u>310,898</u>	<u>331,455</u>
	<u>7,145,037</u>	<u>14,038,457</u>

7 Finance income and expenses

	2021 \$	Unaudited 2020 \$
Finance costs		
Interest and finance charges paid/payable	754	31,948
Interest expense on leases	<u>35,567</u>	<u>41,945</u>
Total finance costs	<u>36,321</u>	<u>73,893</u>

8 Income tax benefit

	2021	Unaudited 2020
	\$	\$
(a) Income tax benefit		
Deferred tax	<u>(280,359)</u>	<u>(289,115)</u>
Income tax benefit	<u>(280,359)</u>	<u>(289,115)</u>
 (b) Reconciliation of effective tax rate		
Profit from before income tax expense	<u>10,657,372</u>	<u>34,423,692</u>
Tax using New Zealand tax rate of 28% (2020: 28%)	<u>2,984,064</u>	<u>9,638,634</u>
Entertainment not deductible for tax purposes	<u>948</u>	<u>37,553</u>
Non-deductible penalties	<u>5,519</u>	<u>464</u>
Write-off of related party balances	-	<u>(8,049,314)</u>
Change in unrecognised temporary differences	-	<u>(832,341)</u>
Impairment of intangible assets	-	<u>1,669,301</u>
Tax losses transferred from BlueSky HoldCo Limited	<u>(3,270,890)</u>	-
Tax losses transferred from Tyco New Zealand Limited	-	<u>(2,154,731)</u>
Tax losses transferred from Sensormatic New Zealand Limited	-	<u>(598,680)</u>
Income tax benefit	<u>(280,359)</u>	<u>(289,115)</u>

9 Current assets - Cash and cash equivalents

	2021	Unaudited 2020
	\$	\$
Cash at bank and in hand	<u>40,233,183</u>	<u>-</u>

10 Current assets - Trade and other receivables

	2021	Unaudited 2020
	\$	\$
Trade receivables	<u>5,747,700</u>	<u>5,783,755</u>
Provision for doubtful receivables	<u>(1,367,975)</u>	<u>(1,245,724)</u>
	<u>4,379,725</u>	<u>4,538,031</u>
Related party receivables - cash pool	-	<u>125,472,300</u>
Related party receivables	<u>17,234,701</u>	<u>10,355,565</u>
	<u>17,234,701</u>	<u>135,827,865</u>
Other receivables	<u>1,296,152</u>	<u>1,121,393</u>
	<u>1,296,152</u>	<u>1,121,393</u>
Total current trade and other receivables	<u>22,910,578</u>	<u>141,487,289</u>

10 Current assets - Trade and other receivables (continued)

Allowance for expected credit losses

The Company has recognised in the statement of financial position a loss of \$1,367,975 (2020: \$1,245,724) in respect of allowance for credit losses for the year ended 30 September 2021.

Collectibility of trade receivables is reviewed on an ongoing basis. Receivable balances or bad debts which are known to be uncollectible are written off. An allowance for expected credit losses is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

11 Current assets - Inventories

	2021 \$	Unaudited 2020 \$
<i>Finished goods</i>		
- at net realisable value	418,438	325,372
<i>Goods in transit</i>		
- at cost	<u>92,884</u>	<u>35,715</u>
	<u>511,322</u>	<u>361,087</u>

Inventory expense

The cost of inventories recognised as expenses and included in 'cost of sales' amounted to \$2,820,103 (2020: \$2,582,885).

The Company has \$Nil (2020: \$Nil) inventories pledged as security for liabilities.

12 Non-current assets - Property, plant and equipment

	Construction in progress \$	Equipment \$	Motor vehicles \$	Leasehold improvements \$	Total \$
Unaudited					
At 30 September 2019					
Cost	258,537	45,096,833	87,829	1,529,268	46,972,467
Accumulated depreciation	<u>-</u>	<u>(31,881,841)</u>	<u>(87,829)</u>	<u>(1,489,633)</u>	<u>(33,459,303)</u>
Net book amount	<u>258,537</u>	<u>13,214,992</u>	<u>-</u>	<u>39,635</u>	<u>13,513,164</u>
Year ended 30 September 2020					
Opening net book amount	258,537	13,214,992	-	39,635	13,513,164
Additions	2,613,785	3,586,973	-	-	6,200,758
Disposals	-	(1,194,609)	-	-	(1,194,609)
Depreciation charge (note 6)	-	(1,783,530)	-	-	(1,783,530)
Transfers	<u>(1,982,380)</u>	<u>1,982,380</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing net book amount	<u>889,942</u>	<u>15,806,206</u>	<u>-</u>	<u>39,635</u>	<u>16,735,783</u>
At 30 September 2020					
Cost	889,942	40,309,242	-	586,086	41,785,270
Accumulated depreciation	<u>-</u>	<u>(24,503,036)</u>	<u>-</u>	<u>(546,451)</u>	<u>(25,049,487)</u>
Net book amount	<u>889,942</u>	<u>15,806,206</u>	<u>-</u>	<u>39,635</u>	<u>16,735,783</u>

12 Non-current assets - Property, plant and equipment (continued)

	Construction in progress	Equipment	Leasehold improvements	Total
	\$	\$	\$	\$
Year ended 30 September 2021				
Opening net book amount	889,942	15,806,206	39,635	16,735,783
Additions	1,155,268	8,569,918	-	9,725,186
Disposals	(187,657)	(271,388)	-	(459,045)
Depreciation charge (note 6)	-	(1,827,849)	-	(1,827,849)
Closing net book amount	<u>1,857,553</u>	<u>22,276,887</u>	<u>39,635</u>	<u>24,174,075</u>
At 30 September 2021				
Cost	1,857,553	38,689,603	551,792	41,098,948
Accumulated depreciation	-	(16,412,716)	(512,157)	(16,924,873)
Net book amount	<u>1,857,553</u>	<u>22,276,887</u>	<u>39,635</u>	<u>24,174,075</u>

(a) Assets pledged as security

The Company has \$Nil (2020: \$Nil) property, plant and equipment pledged as security for liabilities.

(b) Construction work in progress

Construction in progress as at 30 September 2021 comprises Nevealone assets and security equipment being constructed in New Zealand.

13 Leases

The Company has leases for the motor vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security.

Total cash outflow from repayment of leases is \$298,946 (2020: \$335,070).

(a) Amounts recognised in the statement of financial position:

	2021	Unaudited 2020
	\$	\$
Right-of-use assets		
Motor vehicles	<u>663,894</u>	<u>616,353</u>
	<u>663,894</u>	<u>616,353</u>

13 Leases (continued)

Right-of-use asset	Motor vehicle
Gross carrying amount	
Opening Balance at 1 October 2020	902,020
Additions	319,056
Deletions	<u>(149,227)</u>
Balance as at 30 September 2021	<u>1,071,849</u>
Depreciation and impairment	
Opening Balance at 1 October 2020	285,667
Depreciation	267,149
Deletions	<u>(144,861)</u>
Balance as at 30 September 2021	<u>407,955</u>
Net book value as at 30 September 2021	<u>663,894</u>
Unaudited	Motor vehicle
Right-of-use asset	
Gross carrying amount	
Balance as 1 October 2019	-
Introduction of AASB 16 Leases	808,946
Additions	110,166
Deletions	<u>(17,092)</u>
Balance as at 30 September 2020	<u>902,020</u>
Depreciation and impairment	
Balance as 1 October 2019	-
Depreciation	295,580
Deletions	<u>(9,913)</u>
Balance as at 30 September 2020	<u>285,667</u>
Net book value as at 30 September 2020	<u>616,353</u>

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

	Number of rights of use assets leased	Average remaining term (years)	Number of lease with extension options	Number of leases with options to purchase	Number of leases with variable payments linked to an index	Number of leases with termination options
Right-of-use assets						
Motor vehicles	49	2	49	49	-	49

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 September 2021 were as follows:

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
30 September 2021							
Lease payments	278,518	211,428	154,619	67,104	28,565	-	740,234
30 September 2020 (Unaudited)							
Lease payments	262,699	203,376	131,878	77,565	5,758	-	681,276

13 Leases (continued)

	2021 \$	Unaudited 2020 \$
Lease liabilities		
Current	270,799	255,796
Non-current	<u>406,500</u>	<u>370,191</u>
	<u>677,299</u>	<u>625,987</u>

(b) Amounts recognised in the statement of profit or loss

The statement of comprehensive income shows the following amounts relating to leases:

	2021 \$	Unaudited 2020 \$
Depreciation charge of right-of-use assets		
Motor vehicles	<u>267,149</u>	<u>295,580</u>
	<u>267,149</u>	<u>295,580</u>
Interest expense (included in finance cost)	<u>35,567</u>	<u>41,945</u>
	<u>35,567</u>	<u>41,945</u>

14 Non-current assets - Intangible assets

	Security Customer Contracts \$	Goodwill \$	Computer software \$	Total \$
Unaudited				
At 1 October 2019				
Cost	16,357,283	45,564,529	5,173,432	67,095,244
Accumulated amortisation and impairment	<u>(9,014,804)</u>	<u>(39,602,738)</u>	<u>(5,173,432)</u>	<u>(53,790,974)</u>
Net book amount	<u>7,342,479</u>	<u>5,961,791</u>	<u>-</u>	<u>13,304,270</u>
Year ended 30 September 2020				
Opening net book amount	7,342,479	5,961,791	-	13,304,270
Disposals	(218,434)	-	-	(218,434)
Additions	39,886	-	28,428	68,314
Amortisation charge	(327,245)	-	(4,210)	(331,455)
Impairment	<u>-</u>	<u>(5,961,791)</u>	<u>-</u>	<u>(5,961,791)</u>
Closing net book amount	<u>6,836,686</u>	<u>-</u>	<u>24,218</u>	<u>6,860,904</u>
At 30 September 2020				
Cost	12,041,677	45,564,529	5,201,860	62,808,066
Accumulated amortisation and impairment	<u>(5,204,991)</u>	<u>(45,564,529)</u>	<u>(5,177,642)</u>	<u>(55,947,162)</u>
Net book amount	<u>6,836,686</u>	<u>-</u>	<u>24,218</u>	<u>6,860,904</u>

14 Non-current assets - Intangible assets (continued)

Year ended 30 September 2021

Opening net book amount	6,836,686	-	24,218	6,860,904
Additions	382,280	-	19,899	402,179
Disposal	-	-	(24,218)	(24,218)
Amortisation charge	<u>(301,857)</u>	-	<u>(9,041)</u>	<u>(310,898)</u>
Closing net book amount	<u>6,917,109</u>	-	<u>10,858</u>	<u>6,927,967</u>

At 30 September 2021

Cost	10,556,330	45,564,529	19,899	56,140,758
Accumulated amortisation and impairment	<u>(3,639,221)</u>	<u>(45,564,529)</u>	<u>(9,041)</u>	<u>(49,212,791)</u>
Net book amount	<u>6,917,109</u>	-	<u>10,858</u>	<u>6,927,967</u>

The Company has not pledged intangibles assets as security for liabilities (2020: Nil)

15 Current liabilities - Trade and other payables

	2021	Unaudited
	\$	2020
		\$
Trade payables	2,587,525	2,036,492
Goods and services tax (GST) payable	226,600	208,852
Other payables and accrued expenses	1,900,028	886,209
Payables to related parties	354,717	82,810,536
	<u>5,068,870</u>	<u>85,942,089</u>

16 Current liabilities - Interest bearing liabilities

	2021	Unaudited
	\$	2020
		\$
Bank overdrafts	-	705,984
	<u>-</u>	<u>705,984</u>

17 Current liabilities - Provisions

	2021 \$	Unaudited 2020 \$
Employee benefits - Annual Leave	1,069,744	1,014,319
Employee benefits - Long Service Leave	56,244	18,835
Restructure	69,173	92,677
Make good provision	-	8,047
	1,195,161	1,133,878

(a) Warranties

This represents a provision made for the estimated warranty claims in respect of products sold which are still under warranty at balance date. These claims are expected to be settled in the next financial year but this may be extended into the following year if claims are made late in the warranty period. The estimate has been made on the basis of historical warranty trends.

(b) Make good provision

This represents provision made for the estimated future cost of returning leasehold premises to the condition agreed with landlords on completion of leases.

(c) Movements in provisions

Movements in each class of provision during the financial year are set out below:

	Employee benefits - Annual Leave \$	Employee benefits - Long Service Leave \$	Restructure \$	Make good provision \$	Total \$
At 1 October 2020	1,014,319	18,835	92,677	8,047	1,133,878
Charged/(credited) to the income statement;					
• additional provisions recognised	55,425	37,409	-	-	92,834
• unused amounts reversed	-	-	(23,504)	(8,047)	(31,551)
Amounts used during year	-	-	-	-	-
At 30 September 2021	1,069,744	56,244	69,173	-	1,195,161
	\$	\$	\$	\$	\$
Unaudited					
At 1 October 2019	1,081,537	21,857	63,729	5,712	1,172,835
• additional provisions recognised	-	-	28,948	2,335	31,283
• Unused amounts reversed	(67,218)	(3,022)	-	-	(70,240)
At 30 September 2020	1,014,319	18,835	92,677	8,047	1,133,878

18 Non-current liabilities - Provisions

	2021	Unaudited
	\$	2020
		\$
Employee benefits - Long service leave	<u>39,952</u>	<u>59,855</u>

Movements in provisions

Movements in each class of provision during the financial year are set out below:

		Employee
		benefits -
		Long service
		leave
		\$
At 1 October 2020		59,855
Charged/(credited) to the income statement:		
• unused amounts reversed		(19,903)
Amount used during year		<u>-</u>
At 30 September 2021		<u>39,952</u>

		Employee
		benefits -
		Long service
		leave
		\$
Unaudited		
At 1 October 2019		44,057
• additional provisions recognised		<u>15,798</u>
At 30 September 2020		<u>59,855</u>

19 Non-current liabilities - Deferred tax assets/(liabilities)

	2021	Unaudited
	\$	2020
		\$
The balance comprises temporary differences attributable to:		
Property, plant and equipment	(1,845,797)	(1,366,300)
Intangible assets	216,375	(69,502)
Bonus	-	-
Doubtful debts	383,033	348,803
Inventory provision	-	-
Deferred revenue	295,405	164,990
Employee benefits	343,743	319,040
Warranty provision	19,368	25,950
Right of use asset	(185,891)	(172,579)
Lease liabilities	189,644	175,274
Other provisions	<u>406,807</u>	<u>116,652</u>
Total deferred tax assets/(liabilities)	<u>(177,313)</u>	<u>(457,672)</u>

19 Non-current liabilities - Deferred tax assets/(liabilities) (continued)

	2021	Unaudited
	\$	2020
		\$
Movements:		
Opening balance at 1 October	(457,672)	(746,786)
Credited/ charged to the income statement (note 8)	280,359	289,114
Closing balance at 30 September	<u>(177,313)</u>	<u>(457,672)</u>

Movement in temporary differences during the year

	Balance	Recognised in	Balance
	1 October	income	30 September
	2020	\$	2021
	\$		\$
Property, plant & equipment	(1,366,300)	(479,497)	(1,845,797)
Intangible assets	(69,502)	285,877	216,375
Right of use asset	(172,579)	(13,311)	(185,890)
Lease Liability	175,276	14,368	189,644
Doubtful debts	348,803	34,230	383,033
Employee benefits	319,039	24,703	343,742
Deferred revenue	164,990	130,414	295,404
Warranty provision	25,948	(6,580)	19,368
Other provisions	116,653	290,155	406,808
	<u>(457,672)</u>	<u>280,359</u>	<u>(177,313)</u>

	Balance	Recognised in	Unaudited
	1 October	income	Balance
	2019	\$	30 September
	\$		2020
			\$
Property, plant & equipment	(1,082,348)	(283,952)	(1,366,300)
Intangible assets	(825,224)	755,722	(69,502)
Right of use asset	-	(172,579)	(172,579)
Lease liability	-	175,276	175,276
Doubtful debts	146,421	202,382	348,803
Employee benefits	321,286	(2,247)	319,039
Inventory provision	1,433	(1,433)	-
Deferred revenue	305,469	(140,479)	164,990
Warranty provision	17,843	8,105	25,948
Other provisions	368,334	(251,681)	116,653
	<u>(746,786)</u>	<u>289,114</u>	<u>(457,672)</u>

20 Contributed equity

	2021	Unaudited	2021	Unaudited
	Shares	2020	\$	2020
		Shares		\$
(a) Share capital				
Ordinary shares	<u>10,914,945</u>	<u>10,914,945</u>	<u>10,914,945</u>	<u>10,914,945</u>
	<u>10,914,945</u>	<u>10,914,945</u>	<u>10,914,945</u>	<u>10,914,945</u>

21 Retained earnings

Movements in retained earnings were as follows:

	2021 \$	Unaudited 2020 \$
Balance 1 October	67,727,296	33,014,489
Profit for the year	<u>10,937,731</u>	<u>34,712,807</u>
Balance 30 September	<u>78,665,027</u>	<u>67,727,296</u>

22 Contingencies

As at 30 September 2021 the Company had no contingent liabilities (2020: \$Nil).

23 Commitments

As at 30 September 2021 the Company had no capital commitments (2020:\$Nil).

24 Related party transactions

(a) Parent entities

The parent entity is Tyco International Holding S.a.r.l, a company registered in Luxembourg. The ultimate parent entity and ultimate controlling party is Johnson Controls International PLC, (incorporated in Ireland)

Tyco International Holding S.a.r.l is parent company, which at 30 September 2021 owns 100% (2020: Nil) of the issued ordinary shares of ADT Security Limited. Previously, the Company's immediate parent entity was Sensormatic New Zealand Limited, a company incorporated in New Zealand.

(b) Key management and personnel compensation

For the year ended 30 September 2021, total compensation for key management personnel amounted to \$496,731 (2020: \$1,557,293). The key management personnel are all the directors of the company and the executives with the greatest authority for the strategic direction and management of the company.

24 Related party transactions (continued)

(c) Transactions with other related parties

The following transactions occurred with related parties during the year:

Related party	Nature of transactions	Relationship with company	Transaction Expense / (Income)		Year-end Receivable / (Payable)	
			Unaudited		Unaudited	
			2021	2020	2021	2020
			\$	\$	\$	\$
Tyco New Zealand Limited	Received interest from cash pool	Other related parties	-	39,494,725	-	125,472,299
Tyco New Zealand Limited	Paid corporate recharge, IT, marketing, finance and other services and historical adjustments	Other related parties	-	230,709	6,030,199	(80,425,407)
Tyco Australia Group Pty Limited	Paid salary	Other related parties	-	210,386	-	(51,524)
Tyco Australia Group Pty Limited	Paid corporate recharge, IT and other services	Other related parties	1,696,006	731,920	(1,473,729)	(731,920)
Tyco New Zealand Limited	Purchases of goods	Other related parties	-	695,512	-	(601,972)
Tyco Fire & Security GmbH	Paid license fee & procurement fee	Other related parties	-	1,529,728	-	(311,740)
Johnson Controls Business Services (Dalian) Co., Ltd.	Paid accounting service fee	Other related parties	124,325	-	(18,399)	-
Johnson Controls International PLC - Ireland	Paid IT charges	Other related parties	34	5,495	(23,180)	(5,495)
Johnson Controls International PLC - Ireland	Paid on shares	Other related parties	-	7,900	-	-
Johnson Controls-Hitachi Air Conditioning Services (Hong Kong) Limited	Paid security charges	Other related parties	493,012	422,242	(493,012)	(422,242)
Tyco International Management Co	Third party charges, consultancy & license fee	Other related parties	-	42,024	-	-
CEM Systems Limited	Purchases of goods	Other related parties	191,959	193,861	(6,906)	(24,037)
Tyco (China) Investment Co. Ltd	Paid management fee	Other related parties	-	362,283	-	-
Tyco Fiji Limited	Paid miscellaneous recharge	Other related parties	-	-	(19,868)	-

24 Related party transactions (continued)

Transactions with related parties

Related party	Nature of transactions	Relationship with company	Transaction Expense / (Income)		Year-end Receivable / (Payable)	
			Unaudited		Unaudited	
			2021	2020	2021	2020
			\$	\$	\$	\$
Tyco New Zealand Limited	Received income for security and fire monitoring services	Other related parties	-	61,053	-	6,719
Tyco New Zealand Limited	Tax refund received on behalf of ADT Security Limited	Other related parties	-	-	528,982	-
Sensormatic New Zealand Limited	Expenses paid on behalf of Sensormatic New Zealand	Other related parties	-	-	13,643,049	12,861,699
Tyco Projects (Australia) Pty Limited, NZ Branch	Purchase of goods	Other related parties	17,250	208,798	(139,087)	-
Sensormatic New Zealand Limited	Cash pool balance - fund transfer	Other related parties	-	-	2,050,246	-
Tyco Logistics & Distribution Onehunga, Auckland	Purchase of goods	Other related parties	1,224,580	928,336	(114,066)	-
TEPG Pte Ltd	Purchase of goods	Other related parties	40,773	54,620	(949)	-
Johnson Controls (S) Pte. Ltd	Paid miscellaneous recharge	Other related parties	-	-	31,376	-
Johnson Controls International PLC	Paid management fee	Other related parties	2,734,948	2,974,725	(3,114,670)	(2,749,049)

(d) Terms and conditions of transactions with related parties

There is no interest charged on outstanding balances except for cash pool and loan balances and no security has been provided against these loans.

The company purchased goods from and sold goods to related parties which are not significant to the financial statements and are not disclosed in the financial statements.

25 Events occurring after the reporting period

There were no events occurring subsequent to balance date which require adjustment to or disclosure in the financial statements except the change in the shareholder of the Company.