Victory Offices Limited & Controlled Entities (Formerly known as Victory Serviced Offices (Holdings) Limited)

Financial Statements

For the year ended 30 June 2018

Contents

The directors present their report, together with the financial statements, on Victory Offices Limited & Controlled Entities (referred to hereafter as the 'consolidated entity' or 'entity') at the end of, or during, the year ended 30 June 2018.

Directors

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

Dan Baxter
Stephen Bracks (appointed 25/10/17)
Alan Jones (appointed 25/10/17)
Brett Lethborg (appointed 25/10/17 ceased 25/02/2019)
Tadeusz Chwasta (appointed 25/10/17)

Principal Activities

The principal activities of the consolidated entity was providing flexible office solutions. Its associated revenue is driven from providing comprehensive office serviced packages and other services to its clients.

Operating Results

The operating profit of the consolidated entity for the financial year after provision for income tax was $5,742,519 (2017: $150,123).

Dividends

There were no dividends paid during the year ended 30 June 2018.

Review of Operations

The entity has significantly increased the size of its operation. During the financial year further sites were opened for operation and almost all the sites have matured in terms of occupancy of suites and other flexible office services. The revenue growth was driven as well by the number of locations matured during the year as well as the diversity in the services offered to members. Overall the consolidated entity achieved an EBITDA of $21,458,222.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year not otherwise disclosed in these accounts.

Matters subsequent to the end of the financial year

The following entities became part of the group subsequent to rental lease agreements being entered into post 30 June 2018:
- Victory Offices (2 Esplanade) Pty Ltd
- Victory Offices (311 Lonsdale) Pty Ltd
- Victory Offices (12 Clarke) Pty Ltd
- Victory Offices (420 George) Pty Ltd
-Victory Offices (180 St Kilda) Pty Ltd

No other matters or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

At the date of this report, there are no likely developments in the operations of the consolidated entity required to be reported in accordance with Section 304(1) of the Corporations Act 2001.

Proceedings on behalf of the consolidated entity

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

Indemnity and insurance of officers

To the extent permitted by law, the consolidated entity has indemnified each director and officers against liability arising from their role as directors and officers, by paying premiums on an insurance contract.

This insurance contract prohibits disclosure of the premium paid. No liabilities have arisen under these indemnities as at the date of this report.

Indemnity and insurance of auditor

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

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

Environmental regulations

The consolidated entity is not subject to any significant environmental regulations in respect to its activities.

Rounding of amounts

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

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5 and forms part of this Director's Report.

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

On behalf of the directors

Dan Baxter
Director

Dated: 19 MAR - 2019

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Victory Offices Limited and its subsidiaries for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

R B MIANO
Partner

Dated: 19 March 2019
Melbourne, Victoria

Victory Offices Limited & Controlled Entities (Formerly known as Victory Serviced Offices (Holdings) Limited)
Consolidated Statement of Profit & Loss and Other Comprehensive Income
For the Year Ended 30 June 2018

	Note	2018 $	2017 $
Revenue			
Revenue from ordinary activities	3	29,431,882	7,115,376
Service charges		2,106,428	3,690,054
		31,538,310	**10,805,430**
Operating Expenses			
Employee benefits expense		(4,750,588)	(2,810,231)
Depreciation and amortisation expense	4	(7,897,471)	(2,802,031)
Other expenses		(3,295,832)	(1,952,225)
Occupancy costs		(2,033,668)	(924,471)
Finance costs	4	(5,354,317)	(1,824,829)
		(23,331,875)	**(10,313,787)**
Profit before Income Tax Expense		**8,206,435**	**491,643**
Income tax expense	7	(2,463,916)	(341,520)
Profit after Income Tax Expense		**5,742,519**	**150,123**
Other comprehensive income		-	-
Total Comprehensive Income for Year Attributable to the Owners		**5,742,519**	**150,123**

These financial statements should be read in conjunction with the notes on pages 10 to 34

Victory Offices Limited & Controlled Entities (Formerly known as Victory Serviced Offices (Holdings) Limited)
Consolidated Statement of Financial Position
For the Year Ended 30 June 2018

	Note	2018	2017
		$	$
Current Assets			
Cash and cash equivalents	**5**	1,446,674	2,932,369
Trade and other receivables	**6**	6,058,087	2,630,041
Other financial assets		889,898	777,368
Total Current Assets		8,394,659	6,339,778
Non-Current Assets			
Plant and equipment	**8**	96,507,032	39,803,730
Deferred tax assets	**7**	29,949,731	12,464,621
Other financial assets		7,683,980	7,112,134
Total Non-Current Assets		134,140,743	59,380,485
Total Assets		**142,535,402**	**65,720,263**
Current Liabilities			
Trade and other payables	**9**	3,343,070	4,731,052
Borrowings	**11**	83,880	490,351
Provisions	**10**	194,423	101,710
Other liabilities	**12**	2,283,717	1,378,745
Lease liabilities	**15**	3,029,657	1,285,749
Total Current Liabilities		8,934,747	7,987,607
Non-Current Liabilities			
Trade and other payables	**9**	14,013,347	8,891,627
Borrowings	**11**	210,235	262,001
Provisions	**10**	648,005	348,553
Other liabilities	**12**	389,241	-
Lease liabilities	**15**	85,097,236	35,815,723
Deferred tax liabilities	**7**	26,320,418	11,235,098
Total Non-Current Liabilities		126,678,482	56,553,002
Total Liabilities		**135,613,229**	**64,540,609**
Net Assets		**6,922,173**	**1,179,654**
Equity			
Issued capital	**13**	2	2
Retained earnings	**14**	6,922,171	1,179,652
Total Equity		**6,922,173**	**1,179,654**

These financial statements should be read in conjunction with the notes on pages 10 to 34

Victory Offices Limited & Controlled Entities (Formerly known as Victory Serviced Offices (Holdings) Limited)
Consolidated Statement of Cash Flows
For the year ended 30 June 2018

	Note	2018 $	2017 $
Cash Flows from Operating Activities			
Receipts from customers (inc GST)		35,595,122	10,967,883
Payments to suppliers and employees (inc GST)		(14,178,328)	(4,320,617)
Interest received		29,064	33,703
Net cash inflow from operating activities	**16**	**21,445,858**	**6,680,969**
Cash Flows from Investing Activities			
Purchase of plant and equipment		(21,246,298)	(10,259,442)
Net cash outflow from investing activities		**(21,246,298)**	**(10,259,442)**
Cash Flows from Financing Activities			
Repayment of related party borrowings		(571,846)	-
Payment of funds to related parties		(3,798,094)	-
Proceeds from incentives received from landlord		6,930,223	7,272,391
Payment of hire purchase liabilities		(95,145)	(430,278)
Payments for lease liabilities		(4,150,393)	(1,566,360)
Net cash outflow from financing activities		**(1,685,255)**	**5,275,753**
Net decrease in cash and cash equivalents		(1,485,695)	1,697,280
Cash and cash equivalents at start of year		2,932,369	1,235,089
Cash and Cash Equivalents at end of year	**5**	**1,446,674**	**2,932,369**

These financial statements should be read in conjunction with the notes on pages 10 to 34

Victory Offices Limited & Controlled Entities (Formerly known as Victory Serviced Offices (Holdings) Limited)
Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2018

	Note	Ordinary Shares $	Retained Earnings $	Total $
Balance as at 1 July 2016		2	236,599	236,601
Impact on change in accounting policy		-	792,930	792,930
Profit after income tax expense		-	150,123	150,123
Balance as at 30 June 2017	**13,14**	**2**	**1,179,652**	**1,179,654**
Balance as at 1 July 2017		2	1,179,652	1,179,654
Profit after income tax expense		-	5,742,519	5,742,519
Balance as at 30 June 2018	**13,14**	**2**	**6,922,171**	**6,922,173**

These financial statements should be read in conjunction with the notes on pages 10 to 34

1 General Information

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.

The financial statements of Victory Offices Limited & Controlled Entities (Formerly known as Victory Serviced Offices (Holdings) Limited) (the "consolidated entity") for 30 June 2018 were authorised for issue by the Owners of the consolidated entity on 19th March 2019

a) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The Consolidated entity has also adopted A*ASB 15 Revenue from Contracts with Customers and AASB 16 Leases* early, for the period commencing 1 July 2016. For other standards not adopted early and the impact of these on the consolidated entity please refer to note 25 for management's interpretations of the new or amended standards.

b) Basis of Preparation

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

(i) *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

(ii) *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity'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.

c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Victory Offices Limited as at 30 June 2018 and the results of all subsidiaries for the year then ended. Victory offices Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

1 General Information (continued)

c) Principles of Consolidation (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

d) Foreign currency

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 income statement.

e) Current and non-current classification

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

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

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

f) Statement of Compliance

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', as appropriate for for-profit oriented entities.

1 General Information (continued)

g) Going Concern

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

As disclosed in the financial statements the consolidated entity had net current liabilities of $540,088 (2017:$1,647,829).

The Directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of a letter of financial support from the sole director and shareholder of the related parties confirming the following:

1) they will not seek repayment of the related party loan of $8,588,002

2) they will continue to provide the necessary level of financial support to the entity for a period of not less than 12 months from the date of approval of financial statements for year ended 30 June 2018, to assist the consolidated entity to continue to trade and meet its financial obligations and commitments as and when they fall due; and

3) they will continue to provide support to the consolidated entity by the provision of bank guarantees and term deposits of certain leased offices for a period of not less than 12 months from the date of approval financial statements for year ended 30 June 2018.

2 Critical Accounting Estimates, Assumptions and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

Judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(i) Income tax

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

2 Critical Accounting Estimates, Assumptions and Judgements (continued)

(ii) Make good provisions

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

(iii) Useful lives of plant and equipment

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(iv) Interest rate implicit in lease arrangements

A lessor uses the interest rate implicit in the lease for the purposes of lease classification and to measure the net investments in a finance lease. The interest rate 'implicit' in the lease is the discount rate at which, the sum of the present value of (i) the lease payments and (ii) the unguaranteed residual value *equals* , the sum of (i) the fair value of the underlying asset and (ii) any initial direct costs of the lessor.

3 Revenue

	2018 $	2017 $
Revenue from continuing operations:		
Suite services	27,587,825	5,771,433
Hire of plant and equipment	144,153	557,583
Other services	1,670,254	748,395
	29,402,232	7,077,411
Other revenue:		
Interest received	29,064	33,702
Other income	586	4,263
	29,650	37,965
	29,431,882	7,115,376

Accounting Policy - Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excluded amounts collected on behalf of third parties. The consolidated entity recognises revenue when it transfers control over a product or service to a customer.

The following is a description of the principal activities from which the consolidated entity generates its revenue.

Revenue Recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Suite service income
Revenue in relation to the rendering of suite services is recognised in accordance with AASB 15. Revenue is recognised on a straight line basis over term of the lease agreement.

Service charges
Services charges is recognised as services are delivered or performed.

Other revenue
Other revenue is recognised when it is received or when the right relevant performance obligation have been met.

3 Revenue (continued)

Accounting Policy - Revenue (continued)

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

4 Expenses

	2018	2017
	$	$
Depreciation		
Right of use asset	6,831,860	2,554,490
Motor vehicles	100,102	118,195
Plant, equipment and other	965,509	129,346
	7,897,471	2,802,031
Finance costs		
Interest and finance charges paid/payable (refer to note 11)	164,150	173,418
Unwinding of the lease liability interest (refer to note 15)	5,190,167	1,651,411
	5,354,317	1,824,829

Accounting Policy

Depreciation and finance costs accounting policy refer to note 8, 11 and 15 respectively for further details.

5 Cash and Cash Equivalents

	2018	2017
	$	$
Cash at bank	1,444,098	2,930,875
Cash on hand	2,576	1,494
	1,446,674	2,932,369

Accounting Policy - Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, money market deposits which have a maturity of three months or less from the date of acquisition, which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

Bank overdrafts (if applicable) are shown as a current liability on the Statement of Financial Position and are shown as a reduction to the cash balance in the Statement of Cash Flows.

6 Trade and Other Receivables

	2018	2017
Current	**$**	**$**
Trade receivables	141,727	73,279
Prepayments	525,011	141,578
Related party receivables	5,391,349	1,115,929
Fit-outs in progress	-	880,313
Deposits for plant and equipment	-	418,942
	6,058,087	2,630,041

Other Financial Assets

	2018	2017
Non - current		
Bank guarantees	7,683,980	7,112,134
	7,683,980	7,112,134

Accounting Policy

Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

Other Financial Assets

The consolidated entity classifies its financial assets in the category below. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans

Related entity loans are financial assets with determinable payments. They arise when the consolidated entity provides money to the related entity. They are included in current assets, except for those that are likely to be repaid greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans are included in receivables and other receivables in the statement of financial position.

7 Income Tax Reconciliation

		2018	2017
(a)	***The major components of tax expense (income) comprise:***	**$**	**$**
	Current tax expense	4,829,850	1,153,606
	Deferred tax expense	(2,365,935)	(1,005,663)
	Under/(over) provision in prior years	-	193,577
	Income Tax expense	2,463,916	341,520
(b)	***Reconciliation of income tax to accounting profit***	**$**	**$**
	Profit / (loss) before income tax (expense)/ benefit	8,206,435	491,643
	Prima facie income tax on profit before tax @ 30%	2,461,930	147,493
	Add / deduct		
	Non-deductible expenses	1,985	450
	Over/under provision for income tax in prior year	-	193,577
	Income Tax expense	2,463,915	341,520
(c)	***Recognised deferred tax asset***		
	Employee benefits provision	68,723	30,393
	Make good provision	194,402	104,566
	Lease liability	26,438,068	11,130,442
	Make good asset	398,556	432,359
	Right to use asset accumulated depreciation	2,849,619	766,347
	Other	363	514
	Deferred tax asset balance	29,949,731	12,464,621
(d)	***Recognised deferred tax liabilities***		
	Right of use asset	26,320,418	11,235,098
		26,320,418	11,235,098

Accounting Policy - Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in the deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

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

7 Income Tax Reconciliation (continued)

Accounting Policy - Income Tax (continued)

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

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

8 Plant and Equipment

	2018	2017
Plant and equipment	$	$
Cost	1,334,747	849,194
Accumulated depreciation	(226,872)	(111,570)
	1,107,875	737,624
Motor vehicles		
Cost	718,353	718,353
Accumulated depreciation	(418,047)	(317,945)
	300,306	400,408
Office equipment		
Cost	6,506,164	120,530
Accumulated depreciation	(145,059)	(24,666)
	6,361,105	95,864
Computer equipment		
Cost	498,831	442,866
Accumulated depreciation	(190,986)	(111,463)
	307,845	331,403
Computer software		
Cost	77,778	42,140
Accumulated depreciation	(35,403)	(19,062)
	42,375	23,078
Leasehold Improvements		
Cost	11,981,851	4,720,033
Accumulated depreciation	(760,806)	(129,002)
	11,221,045	4,591,031
Artwork		
Cost	262,519	171,227
Accumulated depreciation	(3,516)	(1,543)
	259,003	169,684
Right of use asset		
Cost	86,181,451	35,896,750
Accumulated depreciation	(9,273,973)	(2,442,112)
	76,907,478	33,454,638
	96,507,032	39,803,730

8 Plant and Equipment (continued)

Accounting Policy - Plant and Equipment

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

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

Fixed asset class	***Useful Life (in years)***
Plant and equipment	*10*
Motor vehicles	*4*
Office equipment	*5*
Computer equipment	*3*
Computer software	*3*
Leasehold Improvements	*10*
Office fit out	*7-15*
Artwork	*40*
Right of use asset	*2-10*

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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Right of use assets under lease are depreciated over the unexpired period of the lease term.

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

8 Plant and Equipment (continued)

Reconciliation of Carrying Amount

The following table shows a reconciliation from the opening balances to the closing balances for the current financial year.

	Plant & Equipment $	Motor Vehicles $	Office Equipment $	Computer Equipment $	Computer Software $	Leasehold Improvements $	Artwork $	Right of use asset $	Total $
Balance at 1 July 2016	458,932	452,663	59,655	238,140	32,507	2,171,479	54,565	-	3,467,941
Additions	344,948	94,777	53,596	155,015	(1)	2,505,133	116,439	35,896,750	39,166,657
Disposals - written down value	-	(28,837)	-	-	-	-	-	-	(28,837)
Depreciation expense	(66,256)	(118,195)	(17,387)	(61,752)	(9,428)	(85,581)	(1,320)	(2,442,112)	(2,802,031)
Balance at 30 June 2017	737,624	400,408	95,864	331,403	23,078	4,591,031	169,684	33,454,638	39,803,730
Balance at 1 July 2017	737,624	400,408	95,864	331,403	23,078	4,591,031	169,684	33,454,638	39,803,730
Additions	485,553	-	6,385,634	51,819	35,638	7,261,518	91,293	50,284,700	64,596,155
Disposals - written down	-	-	-	4,618	-	-	-	-	4,618
Depreciation expense	(115,302)	(100,102)	(120,393)	(79,995)	(16,341)	(631,504)	(1,974)	(6,831,860)	(7,897,471)
Balance at 30 June 2018	1,107,875	300,306	6,361,105	307,845	42,375	11,221,045	259,003	76,907,478	96,507,032

9 Trade and Other Payables

	2018	2017
Current	**$**	**$**
Trade payables	2,339,691	4,120,708
PAYG withholding payable	310,142	59,110
GST payable	658,583	448,510
Accrued expenses	34,654	102,724
	3,343,070	4,731,052
Non-Current		
Amounts due to related parties	7,323,678	7,147,966
Related party income tax payable	6,689,669	1,743,661
	14,013,347	8,891,627

Accounting Policy - Trade and Other Payables

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

10 Provisions

	2018	2017
Current	**$**	**$**
Provision for annual leave	194,423	101,710
	194,423	101,710
Non-current		
Provision for long service leave	-	-
Provision for make good on leased premises	648,005	348,553
	648,005	348,553

Accounting Policy

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

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

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

11 Borrowings

	2018	2017
Current	**$**	**$**
Hire purchase	83,880	490,351
	83,880	490,351
Non-current		
Hire purchase	210,235	262,001
	210,235	262,001

Accounting Policy - Borrowings

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include:
- *interest on bank overdrafts and short-term and long-term borrowings;*
- *finance lease charges; and*
- *certain exchange differences arising from foreign currency borrowings.*

12 Other Liabilities

	2018	2017
Current	**$**	**$**
Client deposits	2,137,681	1,256,127
Unearned revenue	146,036	122,618
	2,283,717	1,378,745
Non current		
Client deposits	389,241	-
	389,241	-

Accounting Policy

Client deposits
Deposits received are security bonds payable at the commencement of the lease to insure against any potential damage to properties. Bonds are repayable upon final inspection of the premise at the end of the lease term.

Deferred income
Income received in advance is recognised as revenue over the life of the lease as services are rendered in accordance with the terms of the lease agreement.

13 Contributed Equity

	2018	2017
	$	**$**
Ordinary shares (2 shares @ $1 each)	2	2
Carrying amount at end of year	2	2

Accounting Policy

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

Dividends
Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

14 Retained Profits

	2018	2017
	$	$
Balance as at 1 July 2017	1,179,652	236,599
Net profit for the year	5,742,519	150,123
Impact on change in accounting policy	-	792,930
Balance as at 30 June 2018	6,922,171	1,179,652

15 Lease Liabilities

As a lessee

	2018	2017
	$	$
Right-of-use assets	76,907,478	33,454,638
	76,907,478	33,454,638

The consolidated entity lease many assets mainly offices.
Information about leases for which the consolidated entity is a lessee is presented below:

Right-of-use assets	2018	2017
	$	$
Balance at 1 July 2017	33,454,638	-
Additions	50,284,700	-
Effect of change in accounting policy	-	37,450,025
Depreciation charge for the year	(6,831,860)	(2,554,490)
Additional cash incentives received	-	(1,440,897)
Balance at 30 June 2018	76,907,478	33,454,638

Additions to the right-of-use assets during 2018 were $50,284,700

Lease liabilities

Maturity analysis - contractual undiscounted cash flows

	2018	2017
Less than one year	8,698,995	3,677,596
One to five years	55,681,961	24,633,584
More than five years	68,922,187	24,897,378
Total undiscounted lease liabilities	133,303,143	53,208,558
Lease liabilities included in the statement of financial position	88,126,893	37,101,472
Current	3,029,657	1,285,749
Non-current	85,097,236	35,815,723

Amounts recognised in profit or loss

	2018	2017
Interest on lease liabilities	5,190,167	1,651,411
Variable lease payments not included in the measurement of lease liabilities	-	-
Income from sub-leasing right-of-use assets	-	-
Expense relating to short-term leases	-	-
Expenses relating to leases of low-value assets, excluding short-term	-	-

Amounts recognised in the statement of cash flows

	2018	2017
Total cash outflow for leases	(4,150,393)	(1,566,360)

15 Lease Liabilities (continued)

Accounting policy - Leases

The consolidated entity has early adopted AASB 16 lease standard. The date of adoption is 1 July 2016, the impact on the financial statements will see a change from leasing expenses being recognised as operating costs on a straight line basis over the term of the lease. The adoption of the new lease standard will now see this cost being capitalised as a lease liability and unwound over the term of the lease. In addition a right to use asset is to be recognised and depreciated over the term of the lease.

Leased offices

The consolidated entity has numerous commercial office leases include leases of shared office spaces. The consolidated entity classified these as operating leases under AASB 16.

The consolidated entity leases 12 offices as at 30 June 2018. The non-cancellable period of the lease varies between 2 and 10 years and the consolidated entity has an option to extend the leases up to an additional term of the lease and in many cases it is up to the discretion of the lessor. The lease payments are adjusted every year, based on either a fixed annual rate increase or a change in the consumer price index in the preceding year. The lease payments also include reimbursement of the lessor's taxes and insurance payments which are annually adjusted. If the consolidated entity exercises the renewal option, then the lease payments in the renewal period will reflect the then market rate or an equivalent index dependent on the terms of the lease agreement.

In the prior year the consolidated entity has applied AASB 16 using the modified retrospective approach.

At inception of a contract, the consolidated entity assesses whether a 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 consolidated entity assess whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the consolidated entity has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

- the consolidated entity has the right to direct the use of the asset. The consolidated entity has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the consolidated entity has the right to direct the use of the asset if either:

- the consolidated entity has the right to operate the asset; or

- the consolidated entity designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 July 2016. At inception or on reassessment of a contract that contains a lease component, the consolidated entity allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the lease of land and buildings in which it is a lessee, the consolidated entity has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

15 Lease Liabilities (continued)

A. Significant accounting policy (continued)

- the consolidated entity has the right to direct the use of the asset. The consolidated entity has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the consolidated entity has the right to direct the use of the asset if either:

- the consolidated entity has the right to operate the asset; or

- the consolidated entity designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 July 2016. At inception or on reassessment of a contract that contains a lease component, the consolidated entity allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the lease of land and buildings in which it is a lessee, the consolidated entity has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those property 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 the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be easily determined, the consolidated entity incremental borrowing rate. Generally, the consolidated entity use its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability compromise the following:

Short-term leases and leases of low-value assets

The consolidated entity has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that has a lease term of 12 months or less and leases of low-value assets, including IT equipment. The consolidated entity recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

16 Reconciliation of the Net Profit to the Net cash flow from Operations

	2018	2017
	$	$
Net Profit from ordinary activities after income tax	5,742,519	150,123
Operating profit after income tax		
- Depreciation	7,897,471	2,802,031
- Lease finance costs	5,190,167	1,651,411
Changes to assets and liabilities relating to operating activities:		
(Increase)/decrease in trade and other receivables	934,951	(7,993,152)
(Increase)/decrease in prepayments	(383,433)	40,714
(Increase)/decrease in deferred tax assets	(2,365,946)	(1,005,663)
Increase/(decrease) in trade and other payables	3,042,802	12,385,290
Increase/(decrease) in deferred income	23,418	(2,231,526)
Increase/(decrease) in other liabilities	1,270,795	818,029
Increase/(decrease) in employee benefits	93,115	63,711
Net Cash Flow from Operating Activities	21,445,858	6,680,968

Accounting Policy - Statement of Cash Flows

The following is the definition of the terms used in the Statement of Cash Flows:

- *Operating activities are the principal revenue producing activities of the consolidated entity and other activities that are not investing or financing activities;*
- *Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents; and*
- *Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the consolidated entity.*

17 Financial Instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity's exposure to currency risk is minimal at this stage of the operations.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest bearing financial assets and liabilities that the consolidated entity uses. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets and investment decisions are governed by the monetary policy.

During the year, the consolidated entity had no variable rate interest bearing liability.

It is the consolidated entity’s policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does hold a security deposit (refer to note 12) which acts as a form of collateral.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

17 Financial Instruments (continued)

Liquidity risk (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2018	**Weighted average interest rate %**	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Remaining contractual maturities $**
Non-derivatives						
Non-interest bearing						
Trade payables		3,343,070	-	-	-	3,343,070
Other payables		2,283,717	-	-	-	2,283,717
Interest-bearing - fixed rate						
Borrowings	5.43%	83,880	210,235	-	-	294,115
Lease liability	6.70%	3,029,657	10,491,609	22,100,898	52,504,729	88,126,893
Total non-derivatives		8,740,324	10,701,844	22,100,898	52,504,729	94,047,795
Derivatives						
Foreign exchange contracts		-	-	-	-	-
Total derivatives		-	-	-	-	-

17 Financial Instruments (continued)

Liquidity risk (continued)

2017	**Weighted average interest rate %**	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Remaining contractual maturities $**
Non-derivatives						
Non-interest bearing						
Trade payables		4,731,052	-	-	-	4,731,052
Other payables		1,378,745	-	-	-	1,378,745
Interest-bearing - fixed rate						
Borrowings	5.43%	490,351	262,001	-	-	752,352
Lease liability	6.70%	1,285,749	5,055,849	10,067,134	20,692,740	37,101,472
Total non-derivatives		7,885,897	5,317,850	10,067,134	20,692,740	43,963,621
Derivatives						
Foreign exchange contracts		-	-	-	-	-
Total derivatives		-	-	-	-	-

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

18 Consolidated Entities

Group Accounting Policy

The Group consolidation comprises all subsidiaries controlled by the consolidated entity. Control exists when the consolidated entity:

- *Has the power to direct the relevant activities such as key operating, financial and investing decisions;*
- *Has exposure or rights to variable returns from its involvement with the investee such as dividends, loans and fees; and*
- *Has the ability to use its power over the investee to affect the amount of returns.*

In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. Management uses accounting judgement in determining whether the consolidated entity controls an entity by applying the above control criteria and reviewing the substance of its relationship with the entity.

The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent consolidated entity, using consistent accounting policies with adjustments made to bring into line any dissimilar accounting policies that may exist.

External non controlling interests are allocated their share of total comprehensive income and are presented within equity in the consolidated Statement of Financial Position, separately from the equity of securityholders.

The material consolidated entities of the Group listed below were wholly owned during the current and prior year.

Parent Entity:

Victory Offices Limited (Formerly known as Victory Serviced offices (Holdings) Limited)

Subsidiaries:

Victory Management Services Pty Ltd	100%
Victory Equipment & Leasing Pty Ltd	100%
Victory Offices (420 Collins) Pty Ltd	100%
Victory Offices (35 Collins) Pty Ltd	100%
Victory Offices (600 Bourke) Pty Ltd	100%
Victory Offices (727 Collins) Pty Ltd	100%
Victory Offices (200 George) Pty Ltd	100%
Victory Offices (175 Eagle) Pty Ltd	100%
Victory Offices (Box Hill) Pty Ltd	100%
Victory Offices (Chadstone) Pty Ltd	100%
Victory Offices (Barangaroo) Pty Ltd	100%
Victory Offices (333 Collins) Pty Ltd	100%

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Capital commitments

The parent entity had no capital commitments as at 30 June 2018 and 30 June 2017.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity.

19 Parent Entity Information

Set out below is the supplemented information about the parent entity.

Statement of profit or loss and other comprehensive income	2018 $	2017 $
Profit after income tax		
Total comprehensive income	-	-
Statement of financial position		
Total current assets	-	-
Total assets	1,114	1,014
Total current liabilities	-	-
Total liabilities	1,112	1,012
Total net assets	2	2
Total equity	2	2

20 Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

	2018 $	2017 $
Short term employee benefits	570,193	450,705
	570,193	450,705

For details of other transactions with key management personnel, refer to Note 21: related party transactions

21 Related Parties Transactions

Parent entity

The ultimate parent entity, which exercises control over the group, is Victory Group Holdings which is incorporated

in Australia and owns 100% of Victory Offices Limited Controlled Entities. Refer to note 18.

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to note 20.

Other transactions with KMP and their related entities are shown below. Other related parties include close family members of key management personnel and entities that are controlled.

21 Related Party Transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

2018	Purchases $	Sales $	Other transaction $	Receivable $	Payable $
KMP related parties					
Dan Baxter	-	87,273	-	-	7,092,496
Controlling entities					
Victory Group Holdings	-	-	-	-	6,689,517
Other related parties					
Victory Aluminium	-	1,040,882	1,380,441	3,237,304	35,832
Victory Constructions	-	744,993	374,670	1,587,459	-
Victory Realty Pty Ltd	-	28,681	351,319	330,326	3,084

2017	Purchases $	Sales $	Other transaction $	Receivable $	Payable $
KMP related parties					
Dan Baxter	-	-	94,545	30,000	7,112,134
Controlling entities					
Victory Group Holdings	-	-	-	-	1,743,661
Other related parties					
Victory Aluminium	-	2,590,944	1,821,139	1,072,129	35,832
Victory Constructions	-	14,545	-	13,800	-
Victory Realty Pty Ltd	-	-	-	-	96

The directors have determined that amounts receivable from related parties are fully recoverable.

Loans to/from related parties
Unsecured loans are made to the ultimate parent entity, subsidiaries, directors, key management personnel and other related parties on an arm's length basis. There are no set repayment terms and no interest is charged. Loans are unsecured and repayable in cash. No interest is paid on loans to key management personnel and there are no set repayment terms.

22 Remuneration of auditors

During the financial year the following fees were paid or payable for services provided the auditor of the consolidated entity, its network firms and unrelated firms:

	2018	2017
Audit services	$	$
Audit of the financial statements - RSM	40,000	12,500
Audit of the financial statements - Moore Stephens*	-	28,000
Other services		
Preparation of the tax provision - RSM	2,250	2,250
Preparation of the tax provision - KPMG	-	11,500
	42,250	54,250

*fees relate to financial year 2015,2016 and 2017.

23 Capital commitments

At the end of each reporting period, the consolidated entity has no capital commitments at 30 June 2018 or 30 June 2017. Refer to note 15 for lease liability commitments.

24 Contingent liabilities

The consolidated entity has no contingent liabilities at 30 June 2018 or 30 June 2017.

25 New or amended Accounting Standards and Interpretations adopted

Standards Issued Not Yet Effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting year ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 and the impact of its adoption is expected to be minimal on the consolidated entity given they have minimal complex financial instruments as at 30 June 2018.

26 Events after the reporting period

The following entities became part of the group subsequent to rental lease agreements being entered into post 30 June 2018:
- Victory Offices (2 Esplanade) Pty Ltd
- Victory Offices (311 Lonsdale) Pty Ltd
- Victory Offices (12 Clarke) Pty Ltd
- Victory Offices (420 George) Pty Ltd
- Victory Offices (180 St Kilda) Pty Ltd

No other matters or circumstance has arisen since 30 June 2018 that have significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

27 Reissued Financial report

The reissued financial report replaces the previously issued financial report approved on 26th October 2018. The reason for the reissue of the financial report is due to the ommision of one commercial office lease as at 30 June 2018.

Victory Offices Limited & Controlled Entities (Formerly known as Victory Serviced Offices (Holdings) Limited)
Director's Declaration
For the Year Ended 30 June 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

Dan Baxter
Director

Dated: 19 MAR - 2019

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
To the Members of Victory Offices Limited

Opinion

We have audited the financial report of Victory Offices Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

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RSM AUSTRALIA PARTNERS

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R B MIANO
Partner

Dated: 20 March 2019
Melbourne, Victoria