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Powerwrap™

Appendix 4E & Preliminary Final Report
For the financial year ended 30 June 2019

Powerwrap Limited
ABN 67 129 756 850 AFSL 329829

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Appendix 4E
Preliminary Final Report

Name of entity

Powerwrap Limited

ABN : 67 129 756 850

1. Reporting period

Current financial period:	30 June 2019
Corresponding financial period:	30 June 2018

2. Results for announcement to the market

				$'000
Revenue from ordinary activities *(item 2.1)*	Up/(Down)	16.1%	to	17,014
Net loss after tax from ordinary activities after tax attributable to members *(item 2.2)*	Up/(Down)	(33.0%)	to	6,469
Net loss for the period attributable to members of the parent *(item 2.3)*	Up/(Down)	(33.0%)	to	6,469
Dividends *(item 2.4)* • Interim dividend • Final dividend	Amount per security - -		Franked amount per security - -	
Record date for determining entitlements to the dividend *(item 2.5)*	N/A			
Brief explanation of any of the figures reported above necessary to enable the figures to be understood *(item 2.6)*: Refer to results commentary below.				

Results Commentary

The loss after income tax of the Group for the financial year ended 30 June 2019 was $6.5 million (2018: $9.7 million). Revenue is ahead of the prospectus forecast. A research and development (R&D) accounting policy change has moved the recognition of R&D grant from revenue and other income to income tax benefit.

Powerwrap achieved a record $8.1 billion Funds Under Administration at 30 June 2019, based on net funds flow of $614 million. Platform revenue also performed strongly, at $16.3 million for the year, 18% higher than the 2018 result of $13.8 million and out-performed the IPO forecast platform revenue by $0.9 million.

Powerwrap has a strong balance sheet with $20.0 million in cash and no debt as at the end of the financial year 2019.

The Group continued to engage in its principal activity, the results of which are disclosed in the attached preliminary financial statements (unaudited).

The following table summarises Group performance and key performance indicators:

	2019	2018	2017	2016 (Restated)	2015	2014
Revenue ($'000)	17,014	14,655	11,646	7,739	6,028	4,262
% increase in revenue	16.1%	25.8%	50.5%	28.4%	41.4%	176.3%
Loss after tax ($'000)	(6,469)	(9,650)	(8,732)	(4,395)	(1,110)	(1,672)
% (decrease) / increase in loss after tax	(33.0%)	10.5%	98.7%	296.0%	(33.6%)	(23.3%)

3. Statement of Comprehensive Income *(item 3)*

Refer to the attached statement

4. Statement of Financial Position *(item 4)*

Refer to the attached statement

5. Statement of Cash Flows *(item 5)*

Refer to the attached statement

6. Statement of Changes in Equity *(item 6)*

Refer to the attached statement

Details of individual and total dividends or distributions and dividend or distribution payments *(item 7)*

Not applicable

7. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in dividend or distribution reinvestment plan *(item 8)*

Not applicable

8. Net tangible assets per security *(item 9)*

	30 June 2019	30 June 2018
Net tangible asset backing (per share)	$0.10	$0.09*

* Number of securities has been restated to reflect the five for one share consolidation.

9. Details of entities over which control has been gained or lost during the period *(item 10)*

Not applicable

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10. Details of associates and joint venture entities *(item 11)*

Not applicable

11. Significant information relating to the entity's financial performance and financial position *(item 12)*

Refer note on results commentary

12. Accounting standards used in compiling the report *(item 13)*

The financial information provided in the Appendix 4E is based on the attached preliminary financial report (unaudited), which has been prepared in accordance with Australian accounting standards.

13. Commentary on the results for the period *(item 14)*

Refer note on results commentary.

14. Audit of the financial report *(item 15)*

The financial statements accompanying this Appendix 4E have not been audited and are currently in the process of being audited.

Anthony Wamsteker
Chairman

30 August 2019

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Powerwrap Limited and Controlled Entity

ABN 67 129 756 850

Preliminary Consolidated Financial Report (unaudited)
For the financial year ended 30 June 2019

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Statement of profit or loss and other comprehensive income (unaudited)
For the financial year ended 30 June 2019

	Note	Consolidated		Powerwrap Limited	
		2019	**2018**	**2019**	**2018**
		$'000	**$'000**	**$'000**	**$'000**
Revenue and other Income					
Platform revenue	5	16,266	13,784	15,104	12,150
Interest income	5	203	61	203	61
Other income	5	545	810	123	140
		17,014	**14,655**	**15,430**	**12,351**
Expenses					
Employee benefits expenses		(11,457)	(9,888)	(11,197)	(9,383)
Administrative expenses		(5,383)	(3,429)	(5,277)	(3,418)
Service provider and custodian expenses		(4,737)	(4,153)	(4,737)	(4,153)
Occupancy expenses		(572)	(447)	(572)	(447)
Trading expenses		(1,754)	(1,681)	-	-
Depreciation expenses		(83)	(75)	(83)	(75)
Amortisation expenses		(231)	-	(231)	-
Finance cost		(19)	(44)	(19)	(44)
Share based payment expense to third party		(364)	-	(364)	-
Share options cancellation costs		-	(1,674)	-	(1,674)
Intangible assets write-off		-	(5,581)	-	(5,581)
		(24,600)	**(26,972)**	**(22,480)**	**(24,775)**
Loss before income tax expense		(7,586)	(12,317)	(7,050)	(12,424)
Income tax benefit		1,117	2,667	1,117	2,548
Net loss from continuing operations		**(6,469)**	**(9,650)**	**(5,933)**	**(9,876)**
Other comprehensive income for the year (net of income tax)		-	-	-	-
Total comprehensive loss		**(6,469)**	**(9,650)**	**(5,933)**	**(9,876)**
Loss per share					
Basic (cents per share)	16(d)	(4.12)	(7.10)	(3.78)	(7.26)
Diluted (cents per share)	16(d)	(4.12)	(7.10)	(3.78)	(7.26)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of financial position as at 30 June 2019 (unaudited)

	Note	Consolidated		Powerwrap Limited	
		2019	2018	2019	2018
		$'000	$'000	$'000	$'000
Current assets					
Cash and cash equivalents	7	20,037	5,043	19,943	4,912
Trade and other receivables	8	3,324	4,268	3,032	3,921
Other current assets	9	1,089	7,216	1,089	7,216
Total current assets		**24,450**	**16,527**	**24,064**	**16,049**
Non-current assets					
Other financial assets	10	-	-	600	600
Intangible assets	11	3,733	1,461	3,269	997
Property, plant and equipment	12	327	178	327	178
Total non-current assets		**4,060**	**1,639**	**4,196**	**1,775**
Total assets		**28,510**	**18,166**	**28,260**	**17,824**
Current liabilities					
Trade and other payables	13(a)	3,235	2,901	2,999	3,138
Contract Liabilities	13(b)	117	6	117	6
Short term debt	13(c)	-	150	-	150
Provisions	14	699	436	699	423
Total current liabilities		**4,051**	**3,493**	**3,815**	**3,717**
Non-current liabilities					
Provisions	14	173	165	173	149
Total non-current liabilities		**173**	**165**	**173**	**149**
Total liabilities		**4,224**	**3,658**	**3,988**	**3,866**
Net assets		**24,286**	**14,508**	**24,272**	**13,958**
Equity					
Share capital	15(a)	64,692	50,259	64,692	50,259
Reserves	16	2,607	793	2,607	793
Accumulated losses	17	(43,013)	(36,544)	(43,027)	(37,094)
Total equity		**24,286**	**14,508**	**24,272**	**13,958**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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Statement of changes in equity (unaudited)
For the financial year ended 30 June 2019

	Note	Contributed equity $'000	Reserves $'000	CRPS distribution reserve $'000	Accumulated losses $'000	Total $'000
Consolidated						
Balance as at 1 July 2017		**42,903**	**1,124**	**(1,346)**	**(25,762)**	**16,919**
Total comprehensive loss for the year		-	-	-	(9,650)	(9,650)
Total		**42,903**	**1,124**	**(1,346)**	**(35,412)**	**7,269**
Transactions with owners in their capacity as owners						
Equity instrument raising	15	7,356	-	-	-	7,356
Options reserve	16	-	(331)	-	-	(331)
Transfer of reserve following conversion		-	-	1,346	(1,346)	-
Prior year P&L restatement		-	-	-	214	214
Total transactions with owners in their capacity as owners		**7,356**	**(331)**	**1,346**	**(1,132)**	**7,239**
Balance as at 30 June 2018		**50,259**	**793**	**-**	**(36,544)**	**14,508**
Balance as at 1 July 2018		**50,259**	**793**	**-**	**(36,544)**	**14,508**
Total comprehensive loss for the year		-	-	-	(6,469)	(6,469)
Total		**50,259**	**793**	**-**	**(43,013)**	**8,039**
Transactions with owners in their capacity as owners						
Equity instrument raising	15	14,433	-	-	-	14,433
Options reserve		-	1,814	-	-	1,814
Total transactions with owners in their capacity as owners		**14,433**	**1,814**	**-**	**-**	**16,299**
Balance as at 30 June 2019		**64,692**	**2,607**	**-**	**(43,013)**	**24,286**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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Statement of changes in equity (unaudited)
For the financial year ended 30 June 2019

	Note	Contributed equity $'000	Reserves $'000	CRPS distribution reserve $'000	Accumulated losses $'000	Total $'000
Powerwrap Limited						
Balance as at 1 July 2017		**42,903**	**1,124**	**(1,346)**	**(26,086)**	**16,595**
Total comprehensive loss for the year		-	-	-	(9,876)	(9,876)
Total		**42,903**	**1,124**	**(1,346)**	**(35,962)**	**6,719**
Transactions with owners intheir capacity as owners						
Equity instrument raising	15	7,356	-	-	-	7,356
Options reserve	16	-	(331)	-	-	(331)
Transfer of reserve following conversion		-	-	1,346	(1,346)	-
Prior year P&L restatement		-	-	-	214	214
Total transactions with owners in their capacity as owners		**7,356**	**(331)**	**1,346**	**(1,132)**	**7,239**
Balance as at 30 June 2018		**50,259**	**793**	**-**	**(37,094)**	**13,958**
Balance as at 1 July 2018		**50,259**	**793**	**-**	**(37,094)**	**13,958**
Total comprehensive loss for the year		-	-	-	(5,933)	(5,933)
Total		**50,259**	**793**	**-**	**(43,027)**	**8,025**
Transactions with owners intheir capacity as owners						
Equity instrument raising	15	14,433	-	-	-	14,433
Options reserve	16	-	1,814	-	-	1,814
Total transactions with owners in their capacity as owners		**14,433**	**1,814**	**-**	**-**	**16,299**
Balance as at 30 June 2019		**64,692**	**2,607**	**-**	**(43,027)**	**24,272**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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Statement of cash flow (unaudited)
For the financial year ended 30 June 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000	Powerwrap Limited 2019 $'000	Powerwrap Limited 2018 $'000
Cash flows from operating activities					
Receipts from customers		16,309	14,464	14,381	11,969
Payments to suppliers and employees		(21,509)	(19,875)	(19,544)	(17,161)
Interest received		123	61	123	61
Finance costs		(11)	(29)	(11)	(29)
Research & development grant received		2,479	3,573	2,479	3,573
Payment towards security deposit		(100)	-	(100)	-
Net cash used in operating activities	19	**(2,709)**	**(1,806)**	**(2,672)**	**(1,587)**
Cash flows from investing activities					
Investment in Term Deposits		6,500	(6,500)	6,500	(6,500)
Payment for plant and equipment		(232)	(16)	(232)	(16)
Payment for intangibles		(2,558)	(2,179)	(2,558)	(2,179)
Net cash provided by/(used in) investing activities		**3,710**	**(8,695)**	**3,710**	**(8,695)**
Cash flows from financing activities					
Proceeds from share issue		15,000	18,947	15,000	18,947
Transaction costs related to issue of shares		(999)	(653)	(999)	(653)
Repayment of CRPS / CRRPS		-	(10,967)	-	(10,967)
Distribution to CRPS holders		(8)	(467)	(8)	(467)
Net cash provided by financing activities		**13,993**	**6,860**	**13,993**	**6,860**
Net increase/(decrease) in cash and cash equivalents		14,994	(3,641)	15,031	(3,422)
Cash and cash equivalents at beginning of the financial year		5,043	8,684	4,912	8,334
Cash and cash equivalents at 30 June	7	**20,037**	**5,043**	**19,943**	**4,912**

The above Statement of Cash Flow should be read in conjunction with the accompanying notes.

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Notes to the financial statements (unaudited)

1. Statement of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Powerwrap Limited and its Controlled Entity as a consolidated entity. Powerwrap Limited is a company limited by shares, incorporated and domiciled in Australia. Powerwrap Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the Directors as at the date of the Directors' Report.

The following is a summary of the material accounting policies adopted by the Group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Compliance with IFRS

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes of the Company and the Group comply with International Financial Reporting Standards (‘IFRS’).

Historical Cost Convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity ("the Group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The Group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

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Notes to the financial statements (unaudited) (continued)

1. Statement of significant accounting policies (continued)

(b) Principles of Consolidation (continued)

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-recognised from the date that control ceases.

(c) Going concern

The full year financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and assumes the Group will have sufficient cash resources to meet its regulatory requirements and pay its debts as and when they become due and payable for at least 12 months from the date of signing the full year financial report.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income for the full year ended 30 June 2019 reflects a Group net loss after income tax of $6.5 million and the Consolidated Statement of Cash Flows reflects net cash inflows from operating and investing activities of $1.0 million. As at 30 June 2019, the Consolidated Statement of Financial Position reflects a Group net asset position of $24.3 million. Following the recent IPO capital raise the Company has sufficient capital to continue to meet its Australian Financial Services Licence (AFSL) conditions.

(d) Revenue

The Group derives revenue from provision of platform services to wealth advisor groups and their underlying investor clients. From 1 July 2018, the Group applied AASB 15 Revenue from Contracts with Customers. Revenue is recognised as, or when, services are transferred to the customer, and is measured by reviewing each revenue contract and its respective services to customers to determine its performance obligations. The performance obligations identified are platform services and listing fund/model manager services, as discussed in Note 2(a).

Contract liabilities, which consist of fees for services received in advance are recorded as a liability within contract liabilities on the Consolidated Statement of Financial Position and these amounts are amortised to profit or loss over the relevant period of the contract which is in line with the provision of the services.

Interest income comprises interest earned on cash and short-term deposits and is recognised using the effective interest rate method.

Other income comprises shared service income and proprietary trading income, which are recognised when right to received income has been established.

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

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Notes to the financial statements (unaudited) (continued)

1. Statement of significant accounting policies (continued)

(e) Research and development grants

The Company makes claims under the research and development tax incentive provided by the Australian Government (R&D tax incentive).

The R&D Incentive allows eligible entities to claim a non-refundable tax offset at the rate of 43.5% where its turnover is less than $20 million.

The Company recognises the R&D tax incentive as a tax benefit or a refund of income tax through its income tax return. A credit is recognised within tax expense and an asset is recorded for the 43.5% refundable R&D tax offset.

During the year, the Company has changed its accounting policy in relation to R&D tax incentive. Refer to note 25 for details of the restatement relating to the full year 2018 financial statements.

(f) Income Tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognized directly in equity.

(g) Tax Consolidation

Powerwrap Limited and its wholly-owned Australian subsidiary formed an income tax consolidated group under the tax consolidation legislation with effect from 1 July 2016. Powerwrap Limited is the head entity of the Group.

Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the ‘separate taxpayer within group’ approach to allocation. Current tax liabilities/(asset) and deferred tax assets arising from unused tax losses and tax credits in the subsidiary are immediately transferred to the head entity.

The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

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Notes to the financial statements (unaudited) (continued)

1. Statement of significant accounting policies (continued)

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions.

(i) Property, plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment
Plant and equipment is measured on a cost basis.

Depreciation
The depreciable amount of all fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of fixed asset is not depreciated.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of Fixed Asset	***Depreciation Rates***	***Depreciation Basis***
Leasehold improvements at cost	5-10%	Straight Line
Furniture, fixtures and fittings at cost	10- 25 %	Straight Line
Computer equipment at cost	5-10 %	Straight Line
Office equipment at cost	25-40%	Straight Line

(j) Impairment of non-financial assets

Assets with an indefinite useful life, which includes goodwill, are not amortised but are tested annually for impairment in accordance with AASB 136 (refer note 1(p)). Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less cost of disposal and value in use.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Notes to the financial statements (unaudited) (continued)

1. Statement of significant accounting policies (continued)

(k) Employee benefits

Short-term employee benefit obligations
Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Long-term employee benefit obligations
Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(l) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases
Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.
Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(m) Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred.

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Notes to the financial statements (unaudited) (continued)

1. Statement of significant accounting policies (continued)

(n) Financial Instruments

Initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial liabilities and financial assets other than trade receivables without a significant financing component are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments are adjusted against fair value of the financial assets or financial liabilities, on initial recognition.

Subsequent measurement

Financial assets are required to be subsequently measured at Amortised Cost, Fair Value Through Other Comprehensive Income ("FVTOCI") and Fair Value Through Profit and Loss ("FVTPL").

Amortised cost

This includes financial assets managed under a business model to hold the assets in order to collect the contractual cash flows (CCFs) and those cash flows represent solely payments of principal and interest (SPPI).

Fair Value through other comprehensive income (FVTOCI)

This includes financial assets managed under a business model to sell the assets and collect the CCFs and those cash flow represent SPPI. An irrevocable election can also be made for investments in equity instruments on initial recognition to be measured at FVTOCI.

Fair Value through profit or loss (FVTPL)

This includes financial assets managed under a business model that is not based on collecting the CCFs e.g. they are held for trading or the CCFs of the asset do not represent SSPI.

The Group financial assets are subsequently measured at amortised cost. There are no financial assets that are categorised at FVTOCI or FVTPL.

Impairment of financial assets

The impairment requirements for financial assets are based on a forward-looking Expected Credit Loss ("ECL") model. The model applies to debt instruments measured at amortised cost or at FVTOCI, such as lease receivables, trade receivables and contract assets (as defined in AASB15).

Expected credit losses (ECL)

Financial assets are required to determine the ECL to recognise the possible loss derived from the Financial Asset.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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Notes to the financial statements (unaudited) (continued)

1. Statement of significant accounting policies (continued)

(n) Financial Instruments (continued)

Financial liabilities
Financial liabilities include trade payables, other creditors and loans from third parties including intercompany balances and loans from or other amounts due to director-related entities. These are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost Any difference between the amounts originally received (net of transaction costs) and the redemption value is recognised in the income statement over the period to maturity using the effective interest rate method. Trade and other payables and borrowings from related parties are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(p) Intangibles

Goodwill
Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.
Other intangible assets
Other intangible assets are initially recorded at the purchase price. Other intangible assets are tested for impairment annually or more frequently if events or change in circumstances indicate a potential for impairment. Other intangible assets are carried at cost less accumulated impairment losses. Other intangible assets are amortised on a straight-line basis over their useful life commencing from the time the asset is ready for use.

Class of other intangible assets	***Amortisation Rates***	***Amortisation Basis***
Front end developments	5 years	Straight Line
Core application	10 years	Straight Line

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Notes to the financial statements (unaudited) (continued)

1. Statement of significant accounting policies (continued)

(q) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control. Deferred consideration payable is measured at fair value. Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

If the fair value of the acquirer's interest is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), the surplus is immediately recognised in the statement of comprehensive income.

Acquisition related costs are expensed as incurred.

2. New and Revised Accounting Standards

(a) Adoption of New and Revised Accounting Standards

The Group has adopted all of the new and revised Standards and interpretations issued by the Australian Accounting Standards Board (the AASB) which are mandatorily applicable to the current period. Disclosures required by these standards that are deemed material have been included in this financial report.

AASB 9 – Financial Instruments (applicable to annual reporting periods beginning on or after 1 January 2018).

The Group has adopted AASB 9 Financial Instruments from 1 July 2018.

Initial measurement
Financial liabilities and financial assets other than trade receivables without a significant financing component are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments are adjusted against fair value of the financial assets or financial liabilities, on initial recognition.

Notes to the financial statements (unaudited) (continued)

2. New and Revised Accounting Standards (continued)

(a) Adoption of New and Revised Accounting Standards (continued)

Subsequent classification and measurement

Under AASB 9, the classification and measurement model of financial assets has been revised and is now based on an entity's business model for managing the assets and their contractual cash flow characteristics according to one of the three categories listed below:

- Amortised cost - this includes financial assets managed under a business model to hold the assets in order to collect the contractual cash flows (CCFs) and those cash flows represent solely payments of principal and interest (SPPI).
- Fair Value through other comprehensive income (FVTOCI) - this includes financial assets managed under a business model to sell the assets and collect the CCFs and those cash flows represent SPPI. An irrevocable election can also be made for investments in equity instruments that are not held for trading, on initial recognition to be measured at FVTOCI.
- Fair Value through profit or loss (FVTPL) - this includes financial assets managed under a business model that is not based on collecting the CCFs e.g. they are held for trading or the CCFs of the asset do not represent SSPI.

In addition to the Business Model assessment, there is also the "Solely Payments of Principal and Interest" ("SPPI") criteria to be considered before a financial asset can be considered Amortised Cost.

Summary of the application of the Business Model and SPPI tests

Amortised Costs
Bank deposits, repayable on demand, where interest, if payable, is at a fixed or floating market rate
Trade receivables requiring payment only of fixed amounts on fixed dates
Related party receivables, repayable on demand
Security deposit bonds, repayable to the Group when no longer required

Upon adoption of AASB 9, the Group has assessed the business model applicable to management of its financial assets under the category of "hold and collect" and hence has classified these financial assets under Amortised Cost.

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Notes to the financial statements (unaudited) (continued)

2. New and Revised Accounting Standards (continued)

(a) Adoption of New and Revised Accounting Standards (continued)

Impairment of financial assets
The impairment requirements for financial assets are based on a forward-looking Expected Credit Loss ("ECL") model. The model applies to debt instruments measured at amortised cost or at FVTOCI, such as lease receivables, trade receivables and contract assets (as defined in AASB15).

Under AASB 9, there are three approaches to assessing impairment:

1. The simplified approach, which applies to trade receivables, lease receivables and contract assets, and
2. The general approach

The Group's financial assets that are subject to the new expected credit loss model under AASB 9 include:

- Trade receivables
- Other financial assets at amortised cost

Trade receivables
The Group applied the simplified approach to measuring ECLs for trade receivables whereby the lifetime ECL is recognised. To measure the ECLs, the Group has assessed historical default rates for its receivables. On adoption, the expected credit loss is assessed to be immaterial based on each asset category's historic credit loss. Platform revenue are either pulled directly from client's cash accounts or deducted from advisor fees. For both categories, in instances where there is insufficient cash in the client's cash account, fees will be rolled over to the following month(s) and deducted when there is sufficient cash balance.

Other Financial Assets at Amortised Cost
Other financial assets at amortised cost include cash at bank and term deposits, other receivables, related party receivables and security deposit bonds. For these financial assets, the Group applied the general approach to measuring ECLs whereby 12 months ECLs are applied as the term of the assets are shorter and the credit risk is low.

Based on the above assessment, there was no impairment to Financial Assets of the Group.

Notes to the financial statements (unaudited) (continued)

2. New and Revised Accounting Standards (continued)

(a) Adoption of New and Revised Accounting Standards (continued)

Definition of Financial Liabilities

Financial Liabilities for the Group are:

- Creditors;
- Other Payables;
- Related party payables;
- Short term debt (CRRPS converted to shares in December 2018)

Under AASB 9, there are 2 financial liability classification categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities are generally classified and measured at amortised cost unless they meet the criteria for 'fair value through profit or loss'. A financial liability is classified as a financial liability at fair value through profit or loss (FVTPL) if it meets one of the following conditions:

- It is held for trading, or
- It is designated by the entity as being at FVTPL (note that such a designation is only permitted if specified conditions are met).

For financial liabilities at amortised cost, they are initially recognised at fair value less transaction costs and are thereafter carried at amortised cost using the effective interest method.

The group's financial liabilities are not held for trading and are assessed to be financial liabilities at amortised cost. Due to the short-term nature of financial liabilities of the Group, the effective interest method has not been applied.

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Notes to the Financial Statements (unaudited) (continued)

2. New and Revised Accounting Standards (continued)

(a) Adoption of New and Revised Accounting Standards (continued)

AASB 15 – Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018).

The Group has adopted AASB 15 Revenue from Contracts with Customers from 1 July 2018.

From initial application of the standard, the cumulative impact to the opening balance of retained earnings is nil, as the timing of revenue recognition has not changed for the Group's contracts that were in progress at 1 July 2018.

If services rendered by the Group exceed the payment, a contract asset (previously referred to as "accrued income") is recognised. If the payments exceed the services rendered, a contract liability (previously referred to as "deferred revenue") is recognised.

Revenue recognition for the Group's revenue streams are as follows:

Revenue Stream	Performance obligation	Timing of recognition
Services provided to advisers to enable them to administer, transact and report on behalf of their clients ('the investors') portfolios.	There is only one performance obligation that being the provision of platform administration services which includes the following: • Platform administration and reporting; and • Transaction services. The services form a series of distinct services that are substantially the same and that have the same pattern of transfer to the investors. Therefore, there is only one performance obligation. Powerwrap is responsible for providing the series of services to the investors each day for as long as the investor's funds remain on Powerwrap's platform.	Revenue is recognised over time as the investors simultaneously receive and consume the benefit of accessing the platform and the services utilised. The platform administration fee structure is set out in the PDS and revenue is a fixed percentage based on funds under administration or number of accounts in respect of relevant months.
Service provided to fund managers which is the listing of fund manager and model manager products on the platform.	There is only one performance obligation that being the listing of fund manager and model manager products on the platform.	Revenue is recognised over time as services are provided. Revenue is based on annual fees set in the contract with each fund manager and fixed percentage based on funds under administration for each model manager.

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Notes to the Financial Statements (unaudited) (continued)

2. New and Revised Accounting Standards (continued)

(a) Adoption of New and Revised Accounting Standards (continued)

During the year, revenue is summarised below:

Revenue Stream	Revenue recognition	Total ($'000)
Services provided to advisers	Over time	15,776
Services provided to fund managers	Over time	490
Platform revenue		16,266

Contract asset for the year was nil.

Contract liabilities for the year were $116,505.

(b) Standard and Interpretations in issue but not yet adopted

Certain new accounting standards and interpretations have been published that are relevant to the Group but are not mandatory for the 30 June 2019 reporting period and have not been early adopted by the Group.

The Group has assessed the impact of the new standard on the Group's Consolidated Financial Statements and it expects the impact to be minimal.

AASB 16 – Leases (applicable to annual reporting periods beginning on or after 1 January 2019)

In February 2016, the AASB issued AASB 16 Leases "AASB 16". This standard will replace the current accounting requirement applicable to leases in AASB 117 Leases. AASB 16 introduces a single lessee accounting model which eliminates the requirement for leases to be classified as operating or finance leases. The revised leases standard will become effective for reporting periods commencing on or after 1 January 2019 and therefore is applicable to the Company for the reporting period commencing 1 July 2019.

The Company is party to a number of property lease arrangements with regard to the Company's offices and a number of leases with respect to IT equipment. These lease arrangements will be treated in accordance with AASB 16 for the reporting period commencing 1 July 2019, and will be on the following basis:

- A right of use asset and associated lease liability will be recognised in the Company's statement of financial position; and
- Depreciation and interest expenses will be recognised in the Company's statement of profit or loss and other comprehensive income, below EBITDA, replacing an operating expense, included in EBITDA, currently recognised by the Company in the Financial Information.

Transition

The Group has elected to apply the modified retrospective approach as permitted by AASB 16.
The cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance (if any) of retained earnings at 1 July 2019 with no restatement of comparative information. The Group has chosen to measure the existing operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application.

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Notes to the Financial Statements (unaudited) (continued)

2. New and Revised Accounting Standards (continued)

If AASB 16 was to be adopted, with respect of the Company's property and IT lease arrangements (note that low value and short-term IT arrangements have been excluded) in place as at 30 June 2019, the anticipated impact on the Financial Information would be as follows:

- The initial recognition of right of use assets and associated lease liabilities of $2.0 million included in the Company's statement of financial position; and
- Annual depreciation and interest expense of $0.6 million and $0.1 million respectively in the Company's statement of profit or loss and other comprehensive income replacing an annual operating expense of $0.6 million.

3. Critical Accounting Estimates and Judgements

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment of goodwill

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on the higher of fair value less cost of disposal and value in use calculations. These calculations are based on projected cash flows approved by management covering a period of 1 year. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of 19.1% (2018: 37.7%) for cash flows in years one to three, a terminal value growth rate of 3% (2018: Nil) and a discount rate of 8.7% (2018: 8.7%) to determine value-in-use.

(b) Intangible assets estimate of useful life

Management have assessed the remaining useful life of the development assets based upon the useful life of its separate components. The two components with different useful lives are:

- Core applications with a useful life of 10 years;
- Front end user interface with a useful life of 5 years.

The assessment of useful life is a key management judgement and the useful lives adopted could change significantly as a result of technical innovations or some other event. The 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.

(c) Capitalisation of development costs

The Group capitalises project development costs eligible for capitalisation in relation to development projects. The capitalised costs are all directly attributable costs necessary to create, produce, and prepare assets to be capable of operating in the manner intended. Capitalised project costs are amortised over the project's useful life.

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Notes to the financial statements (unaudited) (continued)

3. Critical Accounting Estimates and Judgements (continued)

(d) Income tax

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. Deferred tax assets are only recognised for deductible temporary differences where it is estimated that future taxable profits will be available to utilise those temporary differences.

(e) Equity-settled share-based payments

Powerwrap Limited has established an employee option plan as part of its remuneration, performance and retention policy. Powerwrap Limited has also issued options to a third party. Significant judgement is required when determining the inputs utilised in the valuation of options granted by the Company. Refer to Note 17 for more details.

4. Segment information

The consolidated entity is organised into one reportable segment.

The reporting operating segment is based on the internal reports that are reviewed and used by the Board of Directors and the executive management team, in assessing performance and in determining allocation of resources. The Board of Directors and the executive management team review segment profits (Segment EBITDA) on a monthly basis. The accounting policies adopted for internal reporting to the Board of Directors and the executive management team are consistent with those adopted in the financial statements.

All of the Group's operations are based in Australia.

5. Revenue and other income

	Consolidated		**Powerwrap Limited**	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Revenue				
Platform revenue	16,266	13,784	15,104	12,150
Interest received	203	61	203	61
Total Revenue	**16,469**	**13,845**	**15,307**	**12,211**
Other Income				
Shared service income	123	140	123	140
Proprietary trading income	422	670	-	-
Total other income	**545**	**810**	**123**	**140**
Total revenue and other income	**17,014**	**14,655**	**15,430**	**12,351**

Notes to the financial statements (unaudited) (continued)

6. Expense

	Consolidated		Powerwrap Limited	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Remuneration of Auditors				
Audit and assurance services	285	204	261	184
Other Non-audit services	255	16	255	16
Total Remuneration of Auditors	**540**	**220**	**516**	**200**

7. Cash and cash equivalents

	Consolidated		Powerwrap Limited	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank	19,987	4,007	19,893	3,876
Cash on deposit	50	1,036	50	1,036
	20,037	**5,043**	**19,943**	**4,912**

8. Trade and other receivables

	Consolidated		Powerwrap Limited	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Trade debtors	2,026	1,132	1,735	784
Other receivables				
Other debtors	1,259	2,900	1,258	2,901
Total other receivables	**3,285**	**4,032**	**2,993**	**3,685**
Amounts receivables from:				
Powerwrap Managed Investment Scheme	39	236	39	236
Total receivables from related parties	**39**	**236**	**39**	**236**
Total Trade and other receivables	**3,324**	**4,268**	**3,032**	**3,921**

9. Other current assets

	Consolidated		Powerwrap Limited	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Prepayments and other deposits	1,089	716	1,089	716
Term deposits	-	6,500	-	6,500
Total other current assets	**1,089**	**7,216**	**1,089**	**7,216**

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Notes to the financial statements (unaudited) (continued)

10.Other financial assets

	Consolidated		Powerwrap Limited	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Shares in controlled entities	-	-	600	600
Total other financial assets	**-**	**-**	**600**	**600**

Shares in controlled entities are carried at cost.

11. Intangible assets

	Consolidated		Powerwrap Limited	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Goodwill at cost	464	464	-	-
Capitalised software at cost	3,269	997	3,269	997
Total intangible assets	**3,733**	**1,461**	**3,269**	**997**

(a) Reconciliation

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year.

Goodwill at cost				
Opening balance	464	464	-	-
Closing balance	**464**	**464**	**-**	**-**
Capitalised software at cost				
Opening balance	997	4,398	997	4,398
Additions	2,503	2,180	2,503	2,180
Amortisation	(231)	-	(231)	-
Write off	-	(5,581)	-	(5,581)
Closing balance	**3,269**	**997**	**3,269**	**997**

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Notes to the financial statements (unaudited) (continued)

11. Intangible assets (continued)

(b) Impairment tests for goodwill and intangible assets with indefinite useful lives

	2019 $'000	2018 $'000
Goodwill and intangibles with indefinite useful lives are allocated to the following cash generating units (CGU):		
MWH Capital Pty Ltd	464	464
	464	**464**

(c) Impairment assessment

The recoverable amount of the CGU is based on the higher of fair value less cost of disposal and value in use. These calculations are based on projected cash flows approved by management covering the next three years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

Fair value less cost of disposal
The present value of future cash flows has been calculated using an average growth rate of 19.1% (2018: 37.7%) for cash flows in years one to three, a terminal value growth rate of 3% (2018: Nil) and a discount rate of 8.7% (2018: 8.7%) to determine value-in use.

Value in use
The Company successfully raised $15m in May 2019 at $0.35. Based on the year end share price of $0.28 and the number of shares at the year-end of 205,831,244, the Company currently has an implied equity value of $58m. This amount significantly exceeds the carrying value of the CGU.

Notes to the financial statements (unaudited) (continued)

12. Property, plant and equipment

	Consolidated		Powerwrap Limited	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Leasehold improvements				
At cost	214	109	214	109
Less accumulated depreciation	(62)	(52)	(62)	(52)
	152	**57**	**152**	**57**
Office equipment				
Office equipment at cost	64	48	64	48
Less accumulated depreciation	(28)	(24)	(28)	(24)
	36	**24**	**36**	**24**
Furniture, fixtures and fittings				
Furniture, fixtures and fittings at cost	151	86	151	86
Less accumulated depreciation	(46)	(35)	(46)	(35)
	105	**51**	**105**	**51**
Computer equipment				
Computer equipment at cost	358	312	358	312
Less accumulated depreciation	(324)	(266)	(324)	(266)
	34	**46**	**34**	**46**
Total plant and equipment	**175**	**121**	**175**	**121**
Total property, plant and equipment	**327**	**178**	**327**	**178**

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Notes to the financial statements (unaudited) (continued)

12. Property, plant and equipment (continued)

(a) Reconciliation

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

	Consolidated		Powerwrap Limited	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Leasehold improvements				
Opening carrying amount	57	64	57	64
Additions	105	-	105	-
Depreciation expense	(10)	(7)	(10)	(7)
Closing carrying amount	**152**	**57**	**152**	**57**
Office equipment				
Opening carrying amount	25	26	25	26
Additions	16	3	16	3
Depreciation expense	(5)	(5)	(5)	(5)
Closing carrying amount	**36**	**24**	**36**	**24**
Furniture, fixtures and fittings				
Opening carrying amount	50	52	50	52
Additions	65	8	65	8
Disposals	-	-	-	-
Depreciation expense	(10)	(9)	(10)	(9)
Closing carrying amount	**105**	**51**	**105**	**51**
Computer equipment				
Opening carrying amount	46	101	46	101
Additions	46	4	46	4
Adjustments	-	(5)	-	(5)
Depreciation expense	(58)	(54)	(58)	(54)
Closing carrying amount	**34**	**46**	**34**	**46**
Total property, plant and equipment				
Carrying amount at 1 July	178	243	178	243
Additions	232	15	232	15
Adjustments	-	(5)	-	(5)
Depreciation expense	(83)	(75)	(83)	(75)
Carrying amount at 30 June	**327**	**178**	**327**	**178**

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Notes to the financial statements (unaudited) (continued)

13. (a) Trade and other payables

	Consolidated		Powerwrap Limited	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Current				
Unsecured liabilities				
Trade creditors	285	544	166	424
Other creditors	1,192	259	1,168	217
Tax payable	-	-	-	-
Dividend payable to CRRPS holders	-	5	-	5
Accrued expenses	1,758	1,871	1,652	1,850
PAYG payable	-	222	-	190
Other related companies	-	-	13	452
Total Trade and other payables	**3,235**	**2,901**	**2,999**	**3,138**

13. (b) Contract Liabilities

Revenue received in advance	117	6	117	6
Total contract liabilities	**117**	**6**	**117**	**6**

13. (c) Short term debt

Convertible Redeemable Resettable Preference Shares	-	150	-	150
Total short term debt	**-**	**150**	**-**	**150**

14. Provisions

	Consolidated		Powerwrap Limited	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Current				
Employee benefits	699	436	699	423
Non-current				
Employee benefits	173	165	173	149
Aggregate employee benefits liability	**872**	**601**	**872**	**572**
Number of employees at year end	80	73	80	71

Notes to the financial statements (unaudited) (continued)

15. Share capital

		Consolidated		Powerwrap Limited	
		2019	**2018**	**2019**	**2018**
		$'000	**$'000**	**$'000**	**$'000**
Issued and paid-up capital					
Ordinary shares	(a)	64,692	50,259	64,691	50,259

(a) Ordinary shares	2019		2018	
	Number	**$'000**	**Number**	**$'000**
Opening balance	**754,132,619**	**50,259**	**324,072,979**	**20,918**
Shares issued:				
3 July 2017	-	-	323,412,550	19,405
3 July 2017	-	-	134	-
21 July 2017	-	-	100,000	13
15 August 2017	-	-	4,120,000	247
27 September 2017	-	-	2,413,794	350
27 September 2017	-	-	1,620,370	233
27 September 2017	-	-	580,000	87
31 October 2017	-	-	2,237,792	224
22 December 2017	-	-	20,000,000	2,000
16 April 2018	-	-	72,500,000	7,250
17 April 2018	-	-	45,000	3
27 June 2018	-	-	3,030,000	182
29 August 2018	1,943,848	195	-	-
21 December 2018	1,547,261	155	-	-
14 February 2019	103,499	15	-	-
	3,594,608	365	430,059,640	29,994
Pre-consolidation total	**757,727,227**	**50,624**	**430,059,640**	**50,192**
Share consolidation (1 share for every 5 shares)	(606,181,698)	-	-	-
Post consolidation total	**151,545,529**	**50,624**	**430,059,640**	**50,192**
IPO new shares issued	42,857,143	15,000	-	-
IPO shares to 8 Partners Investments Pty Ltd	11,428,572	-	-	-
Total shares at reporting date	**205,831,244**	**65,624**	**754,132,619**	**50,912**
Less: Cost of Equity raising	-	(932)	-	(653)
	205,831,244	**64,692**	**754,132,619**	**50,259**

(b) Ordinary shares on allotment	2019		2018	
	Number	**$'000**	**Number**	**$'000**
Opening balance	**-**	**-**	**323,412,550**	**19,405**
Total shares issued during the year	-	-	(323,412,550)	(19,405)
Total shares allotted at reporting date	**-**	**-**	**-**	**-**

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Notes to the financial statements (unaudited) (continued)

15. Share capital (continued)

Rights of each type of share
Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. During 2019 no dividends were paid (2018: Nil)

(c) Convertible Redeemable Preference Shares (CRPS)

	2019		2018	
	Number	**$'000**	**Number**	**$'000**
Opening balance	-	-	25,800	2,580
Converted during the year	-	-	(25,800)	(2,580)
Total preference shares in issue at the year end	**-**	**-**	**-**	**-**

(d) Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	2019		2018	
CONSOLIDATED	**Number**	**$'000**	**Number**	**$'000**
Loss used in the calculation of basic loss per share	-	6,469	-	9,650
Loss used in the calculation of diluted loss per share	-	6,469	-	9,650
Weighted average number of ordinary shares used in the calculation of basic loss per share *	157,123,393*	-	136,003,147**	-
Weighted average number of ordinary shares used in the calculation of diluted loss per share *	157,123,393*	-	136,003,147**	-

	2019		2018	
POWERWRAP LIMITED	**Number**	**$'000**	**Number**	**$'000**
Loss used in the calculation of basic loss per share	-	5,933	-	9,876
Loss used in the calculation of diluted loss per share	-	5,933	-	9,876
Weighted average number of ordinary shares used in the calculation of basic loss per share	157,123,393*	-	136,003,147**	-
Weighted average number of ordinary shares used in the calculation of diluted loss per share	157,123,393*	-	136,003,147**	-

* After taking into account the five for one share consolidation
** Restated to reflect the five for one share consolidation

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Notes to the financial statements (unaudited) (continued)

16. Reserves

	Consolidated		Powerwrap Limited	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Share based payments reserve	1,994	543	1,994	543
Options reserves	130	130	130	130
Share based payment expense to third party reserve	338	-	338	-
Escala option reserve	25	-	25	-
Expired option reserve	120	120	120	120
	2,607	**793**	**2,607**	**793**

The share-based payments reserve is used to record the fair value of shares or options issued to employees. The options reserve is used to account for options allocated under the employee option plan.

17. Share Based Payments

(a) Equity-settled share-based payments

(i) Employee option plan

Powerwrap has established an employee option plan as part of its employee remuneration, performance and retention policy. At 30 June 2019 the plan has been issued with 179,311* options with an exercise price of $0.145, all these options have currently been allocated to employees.

Details of the options granted are provided below:

2019

Grant Date	Expiry Date	Exercise Price	Balance at the beginning of the year	Vested during the year	Exercised during the year	Expired during the year	Balance at the end of the year
24/12/2015	30/06/2021	$0.145	896,553	-	-	-	179,311 *
24/12/2015	24/12/2018	$0.145	103,499	-	(103,499)	-	-
			1,000,052	-	(103,499)	-	179,311

* Note the balance at the end of the year has been restated to reflect the five for one share consolidation.

2018

Grant Date	Expiry Date	Exercise Price	Balance at the beginning of the year	Vested during the year	Exercised during the year	Expired during the year	Balance at the end of the year
30/06/2014	30/06/2017	$0.133	100,000	-	(100,000)	-	-
24/12/2015	30/06/2019	$0.145	2,413,794	-	(2,413,794)	-	-
24/12/2015	24/12/2018	$0.145	1,000,052	-	-	-	1,000,052
30/06/2016	30/06/2020	$0.144	810,185	-	(810,185)	-	-
30/06/2016	30/06/2020	$0.144	-	810,185	(810,185)	-	-
			4,324,031	810,185	(4,134,164)	-	1,000,052

The weighted average share price for share options exercised during the period was $NIL.

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Notes to the financial statements (unaudited) (continued)

17. Share Based Payments (continued)

(ii) Expenses recognised from share-based payment transactions

The expense recognised in relation to the share-based payment transactions were recorded within employee benefit expense in the Statement of Comprehensive Income were as follows:

	Consolidated		Powerwrap Limited	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Options issued/accrued under employee option plan	-	124	-	124
Shares issued in lieu of cash bonus	-	221	-	221
Long term incentive plan	1,526	468	1,526	468
Share based payment expense to third party	363	-	363	-
Share based payment reserve adjustment	(75)	-	(75)	-
Total expenses recognised from share-based payment transactions	**1,814**	**813**	**1,814**	**813**

(iii) Long-term incentive plan recognised as a share-based payment (CEO)

A performance based Long Term Incentive plan has been introduced for the CEO covering a performance period over a 3-year term from 1/1/2018 to 30/12/2020. This will be expensed over the period of the plan as a Share Based Payment in accordance with AASB2 *Share-based payment*. The Plan contains performance rights (Zero Exercise Price Options -ZEPO) granted to Plan participant in respect of each year of the Plan period which are intended to vest in the form of shares at the end of each year of the Plan period. Qualifying criteria exist in the form of continued employment through each year of the Plan period and both Revenue and EBITDA targets.

Fair value of share options at grant date:
In assessing the fair value of the share options, the following inputs were utilised:
1. Share price at grant date: $0.06
2. Expected price volatility of the group's shares: 0%
3. Expected dividend yield: 0%
4. Risk-free interest rate: 0%

The fair value of the shares at grant date was $0.06 and this is based on the value at the time of granting the share options. As the rights are zero exercise price options, this results in inputs 2-4 being classified as 0%.

Notes to the financial statements (unaudited) (continued)

17. Share Based Payments (continued)

Details of options granted:

2019

Grant date	Balance at the beginning of the year	Granted during the year	Vested during the year	Exercised during the year	Expired during the year	Balance at the end of the year
2/10/2017	6,600,000*	-	(1,983,250)	-	(216,750)	4,400,000
	6,600,000*	-	(1,983,250)	-	(216,750)	4,400,000

* Note the balance at the beginning of the year has been restated to reflect the five for one share consolidation.

2018

Grant date	Balance at the beginning of the year	Granted during the year	Vested during the year	Exercised during the year	Expired during the year	Balance at the end of the year
2/10/2017	33,000,000	-	-	-	-	33,000,000
	33,000,000	-	-	-	-	33,000,000

The amount expensed is shown in note 16 (ii) above.

(iv) Long-term incentive plan recognised as a share-based payment (Staff)

A performance based Long Term Incentive plan has been introduced for staff covering a performance period over a 3-year term from 1/07/2019 to 30/06/2021. This will be expensed over the period of the plan as a Share Based Payment in accordance with AASB2 *Share-based payment*. The Plan contains performance rights (Zero Exercise Price Options -ZEPO) granted to Plan participant in respect of the period of the Plan which are intended to vest in the form of shares at the end of the Plan. Qualifying criteria exist in the form of continued employment through each year of the Plan period and agreed milestones in respect of the Performance Period ending 30 June 2021.

Fair value of share options at grant date:
In assessing the fair value of the share options, the following inputs were utilised:

1. Share price at grant date: $0.10
2. Expected price volatility of the group's shares: 0%
3. Expected dividend yield: 0%
4. Risk-free interest rate: 0%

The fair value of the shares at grant date was $0.10 and this is based on the value at the time of granting the share options. As the rights are zero exercise price options, this results in inputs 2-4 being classified as 0%.

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Notes to the financial statements (unaudited) (continued)

17. Share Based Payments (continued)

Details of options granted:

2019

Grant date	Balance at the beginning of the year	Granted during the year	Vested during the year	Exercised during the year	Expired during the year	Balance at the end of the year
1/7/2018	-	6,274,285*	-	-	-	6,274,285
	-	6,274,285*	-	-	-	6,274,285

* After taking into account the five for one share consolidation.

The amount expensed is shown in note 16 (ii) above.

(v) Other share-based payments

On 20 December 2017, the Company granted 400,000 options to subscribe for shares in 8 Partners Investments Pty Ltd, exercisable in the following tranches:

- Tranche 1: 200,000 options to subscribe for shares at a 1:1 ratio, exercisable at any time within three years after the issue date, with an exercise price of 150% of the IPO offer price of 35 cents.
- Tranche 2: An additional 200,000 options to subscribe for shares at a 1:1 ratio, exercisable at any time within five years after the issue date, with an exercise price of 175% of the IPO offer price of 35 cents.

These options have been recognised as share based payments under AASB2. An amount of $25,000 has been recognised in FY19 following an assessment of the fair value. The fair value is determined by reference to the fair value of the equity instruments granted as the value of services received cannot be estimated reliably.

The Company has issued to 8 Partners Investments Pty Ltd a number of ordinary shares equal to the sum of $4m divided by the IPO offer price. There is a buy back right in respect of these shares for nominal consideration if the Services Agreement with Escala Partners Limited is terminated other than as a result of any default of its terms by Powerwrap or in the event that Escala fails either to exclusively use the Powerwrap Platform for the provision of investment portfolio services to its clients or place all of its investor client accounts in the Powerwrap Platform during the term of the Services Agreement (subject to limited exceptions). The exercise by the Company of this buy back right would be subject to Shareholder approval in accordance with the Corporations Act. These shares have been recognised as share based payments under AASB 2 at grant date. An amount of $338,000 has been recognised in FY19 following an assessment of the fair value.

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Notes to the financial statements (unaudited) (continued)

18. Accumulated Losses

	Consolidated		Powerwrap Limited	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Accumulated losses at beginning of year	(36,544)	(25,762)	(37,094)	(26,086)
Net loss attributable to members of the entity	(6,469)	(10,782)	(5,933)	(11,008)
Total Accumulated Loss	**(43,013)**	**(36,544)**	**(43,027)**	**(37,094)**

19. Reconciliation of net loss after tax to net cash flows from operations

	Consolidated		Powerwrap Limited	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Loss from ordinary activities after income tax	(6,469)	(9,650)	(5,933)	(9,876)
Adjustments and non-cash items				
Depreciation and amortisation	314	75	314	75
Share based payments expense	1,527	902	1,527	902
Employee share options	(60)	-	(60)	-
Share based payment expense to third party	364	-	364	-
Options reserve expense	-	1,674	-	1,675
Income tax reversal	-	(129)	-	-
Intangible asset write-off	-	5,581	-	5,581
P&L reserve adjustment	-	214	-	214
Non-cash fixed asset movement	-	5	-	5
CRPS distribution	8	15	8	15
Changes in assets and liabilities				
Decrease/(increase) in receivables	944	890	889	1,150
(Increase)/decrease in other current assets	(373)	4	(373)	(446)
Decrease in deferred tax assets	-	14	-	-
Increase/(decrease) in payables and accruals	765	(1,496)	292	(983)
Increase in provisions	271	95	300	101
	3,760	**7,844**	**3,261**	**8,289**
Cash flows from operating activities	**(2,709)**	**(1,806)**	**(2,672)**	**(1,587)**

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Notes to the financial statements (unaudited) (continued)

20. Financial Risk Management

Capital Management

The capital structure of the Group consists of cash (cash and cash equivalents) and equity (contributed equity, accumulated losses and reserves).

The Group manages its capital with the aim of ensuring that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation and prudent management of cash and equity balances.

The Group also manages its capital by assessing its financial risks and commitments and adjusting its capital structure in response to these risks and the market.

During the year ended 30 June 2019, the Group has fully complied with all externally imposed capital requirements to which it is subject.

There has been no change in the strategy adopted by the Group to control its capital during the financial year ended 30 June 2019.

The group is exposed to a variety of financial risks comprising:

(a) Market price risk
(b) Currency risk
(c) Interest rate risk
(d) Credit risk
(e) Liquidity risk
(f) Fair values compared with carrying amounts

The Board of Directors have overall responsibility for identifying and managing operational and financial risks.

The Group holds the following financial instruments:

	Consolidated		Powerwrap Limited	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Cash and cash equivalents	20,037	5,043	19,943	4,912
Trade and other receivables	3,324	4,268	3,032	3,921
Other current assets	714	7,115	714	615
	24,075	**16,426**	**23,689**	**15,948**
Financial liabilities				
Trade and other payables	3,235	2,901	2,999	3,138
Contract Liabilities	117	6	117	6
Short term debt	-	150	-	150
	3,352	**3,057**	**3,116**	**3,294**

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Notes to the financial statements (unaudited) (continued)

20. Financial Risk Management (continued)

(a) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The group does not have a material exposure to market price risk.

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The group does not have a material exposure to currency risk.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The Group's exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities is as follows:

Consolidated
2019

Financial instruments	**Interest bearing $'000**	**Non-interest bearing $'000**	**Total carrying amount $'000**	**Weighted average effective interest**
Financial assets				
Cash and cash equivalents	20,037	-	20,037	1.00%
Trade and other receivables	-	3,324	3,324	-
Other current assets	-	714	714	-
	20,037	**4,038**	**24,075**	
Financial liabilities				
Trade and other payables	-	3,235	3,235	-
Contract liabilities	-	117	117	
	-	**3,352**	**3,352**	

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Notes to the financial statements (unaudited) (continued)

20. Financial Risk Management (continued)

Consolidated
2018
Financial instruments

	Interest bearing $'000	Non-interest bearing $'000	Total carrying amount $'000	Weighted average effective interest
Financial assets				
Cash and cash equivalents	5,043	-	5,043	1.00%
Trade and other receivables	-	4,268	4,268	-
Other current assets	6,500	615	7,115	2.45%
	11,543	**4,883**	**16,426**	
Financial liabilities				
Trade and other payables	-	2,901	2,901	-
Contract liabilities	-	6	6	
Short term debt	150	-	150	10.50%
	150	**2,907**	**3,057**	

Powerwrap Limited
2019
Financial instruments

	Interest bearing $'000	Non-interest bearing $'000	Total carrying amount $'000	Weighted average effective interest
Financial assets				
Cash and cash equivalents	19,943	-	19,943	1.00%
Trade and other receivables	-	3,032	3,032	-
Other current assets	-	714	714	-
	19,943	**3,746**	**23,689**	
Financial liabilities				
Trade and other payables	-	2,999	2,999	-
Contract liabilities	-	117	117	
	-	**3,116**	**3,116**	

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Notes to the financial statements (unaudited) (continued)

20. Financial Risk Management (continued)

Powerwrap Limited
2018
Financial instruments

	Interest bearing $'000	Non-interest bearing $'000	Total carrying amount $'000	Weighted average effective interest
Financial assets				
Cash and cash equivalents	4,912	-	4,912	1.00%
Trade and other receivables	-	3,921	3,921	-
Other current assets	6,500	615	7,115	2.45%
	11,412	**4,536**	**15,948**	
Financial liabilities				
Trade and other payables	-	3,138	3,138	-
Contract liabilities	-	6	6	
Short term debt	150	-	150	10.50%
	150	**3,144**	**3,294**	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

Sensitivity
If interest rates were to increase/decrease by 100 basis points from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on loss for the year and equity is as follows:

	Consolidated		Powerwrap Limited	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
+/- 100 basis points				
Impact on profit after tax	200	115	199	114
Impact on equity	200	115	199	114

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in statement of financial position and notes to financial statements.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

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Notes to the financial statements (unaudited) (continued)

20. Financial Risk Management (continued)

(e) Credit risk

The Group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

(i) Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

(ii) Trade receivables

Credit risk for trade receivables is managed by setting credit limits and completing credit checks for new customers. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

As the Group undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with the credit risk.

(iii) Other receivables

Credit risk for other receivables is limited to a related party Powerwrap Scheme which inherently has low credit risk associated due to the nature of operations being a registered funds management scheme charging investors directly for funds under management and other immaterial sundry debtors with limited credit risk.

(f) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The company does not have a material exposure to liquidity risk

Maturity analysis
The table below represents the undiscounted contractual settlement terms for financial instruments and management's expectation for settlement of undiscounted maturities.

Notes to the financial statements (unaudited) (continued)

21. Financial Risk Management (continued)

(f) Liquidity risk (continued)

Consolidated

Year ended 30 June 2019	< 6 months $'000	6-12 months $'000	1-5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Cash and cash equivalents	20,037	-	-	20,037	20,037
Trade and other receivables	3,324	-	-	3,324	3,324
Other current assets	-	-	714	714	714
Trade and other payables	(3,235)	-	-	(3,235)	(3,235)
Contract liabilities	-	(117)	-	(117)	(117)
Net maturities	**20,126**	**(117)**	**714**	**20,723**	**20,723**

Consolidated

Year ended 30 June 2018	< 6 months $'000	6-12 months $'000	1-5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Cash and cash equivalents	5,043	-	-	5,043	5,043
Trade and other receivables	4,268	-	-	4,268	4,268
Other current assets	1,000	5,500	615	7,115	7,115
Trade and other payables	(2,901)	-	-	(2,901)	(2,901)
Contract liabilities	-	(6)	-	(6)	(6)
Short term debt	(150)	-	-	(150)	(150)
Net maturities	**7,260**	**5,494**	**615**	**13,369**	**13,369**

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Notes to the financial statements (unaudited) (continued)

20. Financial Risk Management (continued)

(f) Liquidity risk (continued)

Powerwrap Limited

Year ended 30 June 2019	< 6 months $'000	6-12 months $'000	1-5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Cash and cash equivalents	19,943	-	-	19,943	19,943
Trade and other receivables	3,032	-	-	3,032	3,032
Trade and other payables	-	-	714	714	714
Contract liabilities	-	(117)	-	(117)	(117)
Short term debt	(2,999)	-	-	(2,999)	(2,999)
Net maturities	**19,976**	**(117)**	**714**	**20,573**	**20,573**

Powerwrap Limited

Year ended 30 June 2018	< 6 months $'000	6-12 months $'000	1-5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Cash and cash equivalents	4,912	-	-	4,912	4,912
Trade and other receivables	3,921	-	-	3,921	3,921
Other current asset	1,000	5,500	615	7,115	7,115
Trade and other payables	(3,138)	-	-	(3,138)	(3,138)
Contract liabilities	-	(6)	-	(6)	(6)
Short term debt	(150)	-	-	(150)	(150)
Net maturities	**6,545**	**5,494**	**615**	**12,654**	**12,654**

21. Fair values compared with carrying amounts

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in statement of financial position and notes to financial statements.

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Notes to the financial statements (unaudited) (continued)

22. Related Party Transactions

(a) Wholly owned group transactions

As at 30 June 2019, Powerwrap Limited owed $9,134 (2018: $451,920) to MWH Capital Pty Ltd. This payable was eliminated on consolidation.

Powerwrap Limited, to fulfil its duties as an RE of the Powerwrap Funds, has appointed MWH Capital Pty Ltd to act on its behalf in the provision of execution and asset custody services. MWH Capital, pursuant to its delegated authority, enters into agreements with external parties to perform these services as agent for Powerwrap. MWH Capital periodically pays fees to Powerwrap in accordance with the terms of the agency agreement for amounts mutually agreed between the two parties. Total fees paid by MWH Capital to Powerwrap during the year ended 30 June 2019 were $1.8 million.

There were no related party transactions with key management personnel as at 30 June 2019 (2018: Nil).

(b) Transactions with Powerwrap Scheme as Responsible Entity of the Scheme

Powerwrap Limited is the Responsible Entity for Powerwrap Scheme (ARSN: 137 053 073). In accordance with this relationship the Company has charged fees to the Scheme for the year ended 30 June 2019 totalling $2.7 million (2018: $2.3 million). In addition, the Company had a receivable from the Scheme at 30 June 2019 totalling $498,301 (2018: $235,896). The fees charged were a function of transactions within the scheme as well as the value of assets managed by the scheme as per the scheme's PDS.

(c) Key Management Personnel

For details of disclosures relating to key management personnel, refer to the Remuneration Report on pages 7 to 15.

23. Controlled Entities

	Country of Incorporation	Percentage Owned	
		30 June 2019 %	30 June 2018 %
Subsidiary of Powerwrap Limited			
MWH Capital Pty Ltd	Australia	100	100

Subsidiary financial statement prepared for MWH Capital Pty Ltd as at the same reporting date was used in the preparation of these consolidated financial statements.

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Notes to the financial statements (unaudited) (continued)

24. Capital and Leasing Commitments

Operating lease commitments: Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	Consolidated		Powerwrap Limited	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Payable				
- Not later than one year	526	348	526	348
- Later than one year and not later than five years	1,661	179	1,661	179
	2,187	**527**	**2,187**	**527**

25. Change in accounting policy

The Company previously had an accounting policy to recognise research and development grant income within total revenue in the statement of profit and loss and other comprehensive income.

During the year, the Company has changed its accounting policy to recognise the research and development grant income as an income tax benefit as noted in Note 1(e).

As a result of this change, financial statements for the year ended 30 June 2018 have been restated as follows:

Consolidated

Statement of comprehensive income	Previously stated $'000	Adjustments $'000	Restated $'000
Revenue and other income	17,203	(2,548)	14,655
Loss before income tax expense	(9,769)	(2,548)	(12,317)
Income tax benefit	119	2,548	2,667
Net (loss) from continuing operations	(9,650)	-	(9,650)
Total comprehensive loss	(9,650)	-	(9,650)

Powerwrap Limited

Statement of comprehensive income	Previously stated $'000	Adjustments $'000	Restated $'000
Revenue and other income	14,899	(2,548)	12,351
Loss before income tax expense	(9,876)	(2,548)	(12,424)
Income tax benefit	-	2,548	2,548
Net (loss) from continuing operations	(9,876)	-	(9,876)
Total comprehensive loss	(9,876)	-	(9,876)

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Notes to the financial statements (unaudited) (continued)

26. Reclassification of prior year comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

Details of the reclassification and reposition relating to the full year 2018 financial statements are as follow:

Consolidated

	Previously stated $'000	Adjustments $'000	Restated $'000
Statement of comprehensive income			
Platform revenue[1]	13,355	429	13,784
Other income[1]	1,239*	(429)	810
Employee benefits expenses[2]	9,904	(16)	9,888
Administrative expenses[2]	3,413	16	3,429
Statement of financial position			
Trade and other receivables[3]	4,347	(79)	4,268
Trade and other payables[3,4]	2,986	(85)	2,901
Contract Liabilities[4]	-	6	6

Powerwrap Limited

	Previously stated $'000	Adjustments $'000	Restated $'000
Statement of comprehensive income			
Platform revenue[1]	10,424	1,726	12,150
Other income[1]	1,866*	(1,726)	140
Employee benefits expenses[2]	9,395	(12)	9,383
Administrative expenses[2]	3,406	12	3,418
Statement of financial position			
Trade and other receivables[3]	3,981	(60)	3,921
Trade and other payables[3,4]	3,204	(66)	3,138
Contract Liabilities[4]	-	6	6

* Previously stated amount is excluding research and development grant which has been reclassified due to change in accounting policy, refer to details in note 26.

[1] *The reclassification from Other income to Platform revenue relates to other platform revenue which has been reclassified to align with the current year disclosure in order to enable a more reliable and relevant presentation.*

[2] *The reclassification from Employee benefit expenses relates to a realignment of expenses to enable a more reliable and relevant presentation.*

[3] *The reclassification from Trade and other receivables to Trade and other payables relate to GST receivable balance which has been reclassified in order to offset against GST payable to enable a more reliable and relevant presentation.*

[4] *The reclassification from Trade and other payables to contract liabilities relate to separate disclosure of contract liabilities on the balance sheet to enable a more reliable and relevant presentation.*

Notes to the financial statements (unaudited) (continued)

27. Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

28. Entity details

The registered office of the Company is:

Powerwrap Limited
Level 7
356 Collins Street
Melbourne VIC 3000

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