Cashwerkz

2019 Annual Report

cashwerkz.com.au

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CHIEF EXECUTIVE OFFICER'S LETTER

Cashwerkz continues to link multiple banks and investors, in a faster, safer and more efficient and secure way than has previously been possible, without ever touching investor money.

Over the course of this financial year, we continued to deliver on our growth strategy, meeting growing demand from banks and investors for a solution to a problem for which financial markets have long searched – easy access to a comprehensive market of cash-based and defensive instruments.

During the year, the volume of funds on the platform, as well as deposit revenue, continued to rise. At the same time, we maintained our investment in staff and marketing to drive growth. I am also pleased to report we now have no borrowings.

An important step during the year was the move from our previous name, Trustees Australia Limited to our new name, Cashwerkz Limited. This signals our re-positioning as one of the most innovative fintechs in the market and the significant growth opportunity available to us.

Innovation remains at the heart of everything we do. We continue to expand our technology capabilities, allowing us to materially differentiate our offering in the market. As a result, Cashwerkz now has significant potential to further scale our business.

In particular, our open and flexible serverless platform architecture supports easy product development. This also reduces time to market for new features and, concurrently, slashes overheads. Importantly this delivers additional potential for even more transformative innovation in the coming year.

Our one-time Identification Verification and Management engine is at the core of our process and allows us to do the heavy-lifting around know your client/anti-money laundering regulatory compliance for banks. We are very proud of this technology, which exceeds regulatory requirements, and has been widely accepted by banks as an extension of their verification processes.

RIM Securities' 14 years of fixed interest knowledge, experience and insight gained across all segments continues to be an integral part of the expanding Cashwerkz marketplace. It supports powerful synergies between our teams and continues to accelerate innovation for our direct, advised, middle market and institutional channels.

We continue to pursue an unwavering focus on growing the business across all segments and during the year we reshaped our sales pipeline, so we now have more emphasis on engaging where our technology streamlines the workflow and benefits those who can take most advantage of this. The Cashwerkz Institutional workflow solution, which dramatically reduces compliance and processing times, has allowed us to build strong relationships with large- and mid-sized custodians, in addition to developing new relationship with broker groups.

The number of Authorised Deposit-taking Institutions (ADIs) continues to expand and we intend to maintain a strong, fast-growing ADI pipeline. On top of this, a growing number of neo-banks will be joining the platform with the launch of open banking in Australia and this dynamic will only increase.

During the year we saw a pleasing lift in the number of practices, advisers and direct clients using the platform. This is in part due to our ability to support advisers to act in clients' best interests by giving them access to a competitive marketplace of defensive assets that are free of conflicts of interest, which is important in a post Financial Services Royal Commission world. Over the next 12 months we will continue to increase conversions across all segments.

Cashwerkz continues to receive tremendous interest from stakeholders across the financial services sector and it is particularly rewarding to watch our initiatives make a difference to all our clients and partners. This financial year we will leverage the groundwork we have made over the past few years to continue to build a solid future.

I would like to thank all of our staff, executives and directors for their support and hard work during the year. I would also like to thank the securityholders who use our platform for their support during the year and assure them that they are top of mind in all respects.

For those of you who are able to make it to the AGM, please introduce yourself and I look forward to meeting you then.

Hector Ortiz

CHIEF EXECUTIVE OFFICER

DIRECTORS' REPORT

The board of directors of Cashwerkz Limited (Cashwerkz) submits to members the Financial Report of the company and its controlled entities "the group" for the year ended 30 June 2019.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN THE NATURE OF THOSE ACTIVITIES

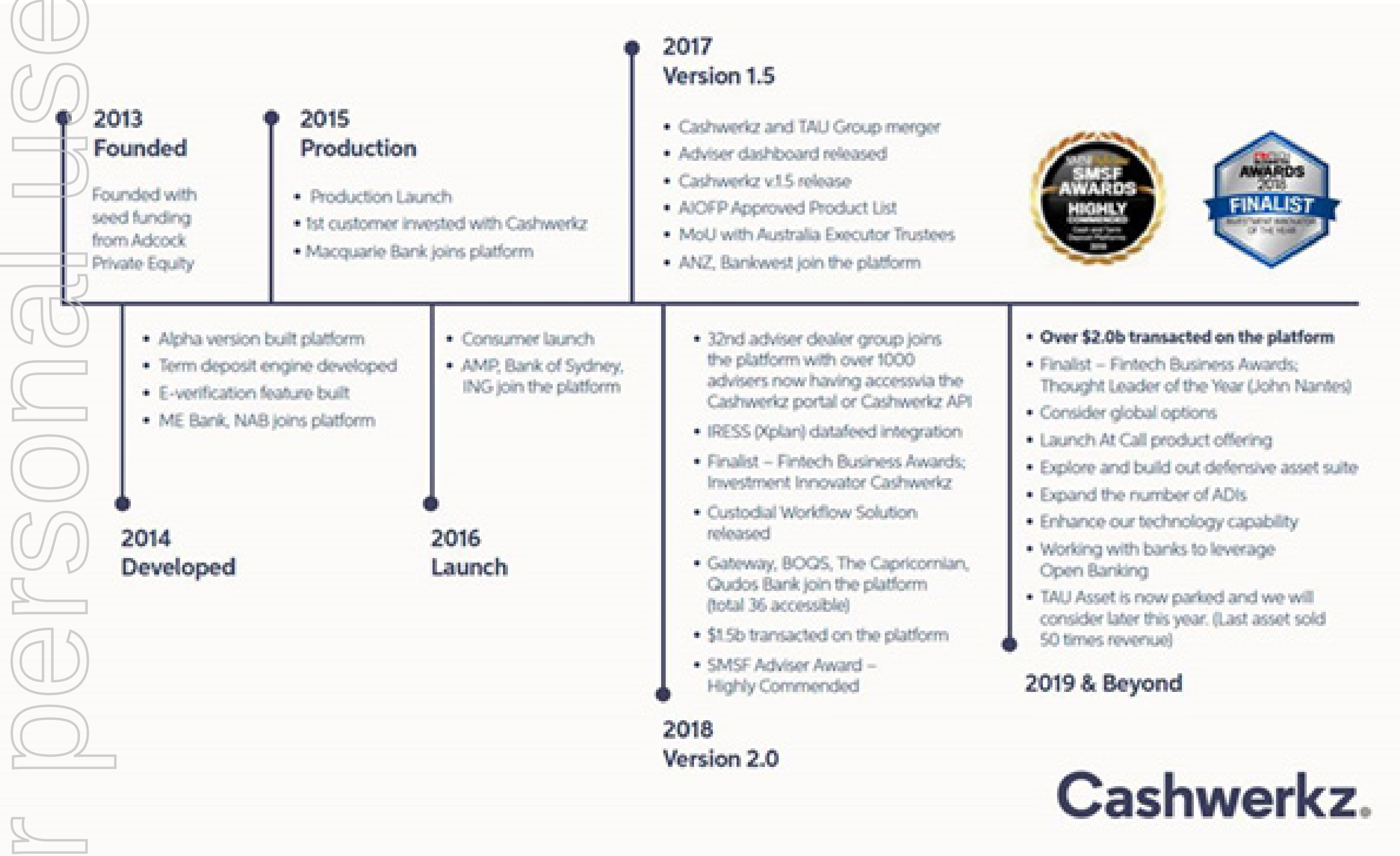
On 22 May 2019, the group announced it had changed the name of the ultimate holding company from Trustees Australia Limited to Cashwerkz Limited (Cashwerkz) and adopted a new ASX ticker code of CWZ. WIth the renaming of the parent company, there were also changes to the names of subsidiaries, with Cashwerkz Pty Ltd changed to Cashwerkz Technologies Pty Ltd (Cashwerkz Technologies) and Redgate Asset Management Limited renamed Trustees Australia Limited (Trustees Australia).

The principal activities of the group during the year were:

Financial Services Activities comprising:

- operation and investment in the Cashwerkz Platform through Cashwerkz Technologies.
- fixed interest broking and advisory through Rim Securities Limited (Rim Securities); and
- responsible entity services through Cashwerkz, although this activity has reduced during the year

There has been no significant change in the scale or nature of the group's activities in the year.



OUR BUSINESS MODEL AND OBJECTIVES

The Cashwerkz business model illustrates our plans to service cash investors across all segments delivering choice, transparency and value.

The technology will provide the catalyst to further streamline the processes including the unique Identification Verification & Management (KYC / AML) engine and expand the distribution capabilities by increasing our 3rd party product offering focusing on liquidity and defensive assets.

This aligns well with and leverages the experience of Cashwerkz and its subsidiary Rim Securities – providing a personal element into the service proposition.

The value proposition to the banks has been proven with almost 6,000 transactions being processed to date. Open Banking will help further streamline and automate these processes in the coming years.

Cashwerkz will continue to service major users of term deposits such as Custodians, Financial Advisory Dealer Groups, Stockbroking Firms and any commercial organisation which handle, manage and place clients' money in interest earning term deposits offered by banks.

The Business Model remains simple. Offer investors a wide-range of choice of interest rates and investment periods in a range of cash products including at call and term deposits from a wide-range of banks and make it simple to open new accounts with these banks and enable the movement of funds between the investor and the bank while avoiding the often tedious and time consuming process of having to supply new identification verification to each bank. That process is undertaken within Cashwerkz just once via its Identification Verification & Management (KYC / AML) engine and participating ADIs rely on the Cashwerkz process to open new accounts and to transact in term deposits.

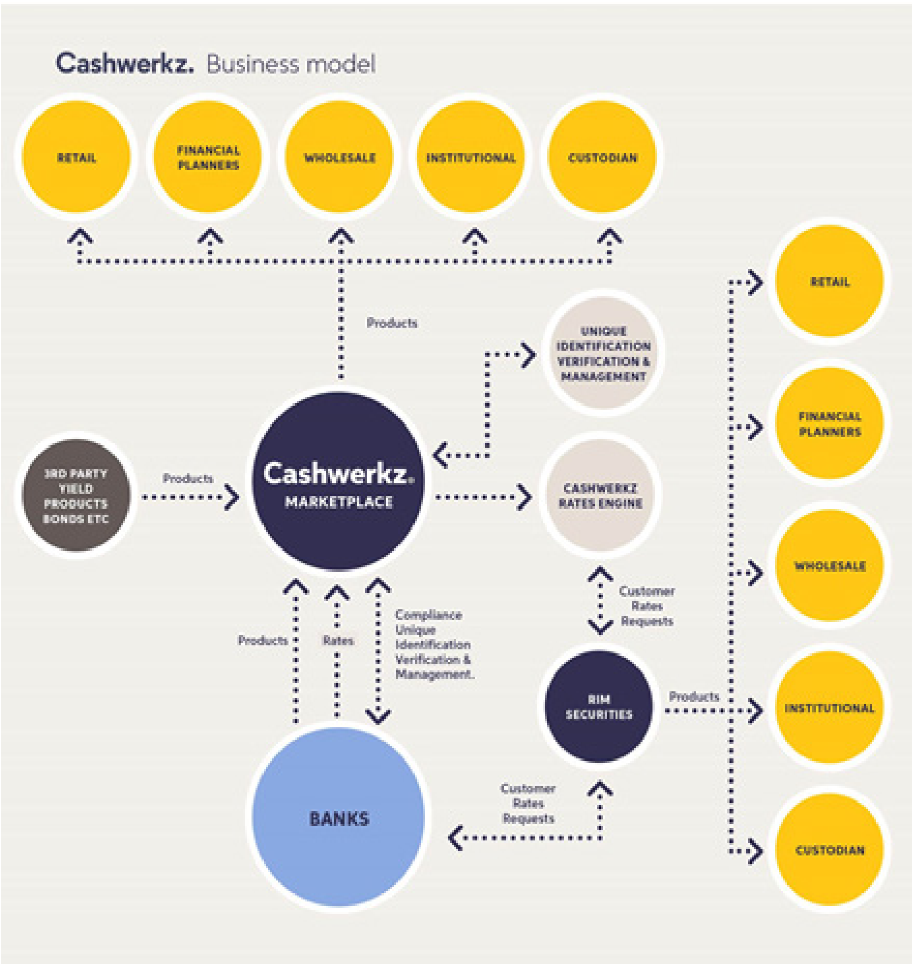
This enables users to transfer funds between their own existing and new bank accounts without having any funds pass through a third party. Cashwerkz and Rim Securities never touch the money being transferred.

The process is efficient for users who get competitive rates of interest and comprehensive reporting, with advisers receiving direct reporting via IRESS. Other datafeeds are scheduled to become operational in the very near future.

It is also efficient for banks including the smaller regional credit unions and mutuals, which gain exposure to potential term deposit customers from Australia-wide as opposed to their own local region.

The results in terms of FUM growth and numbers of sophisticated users including large brokers and custodians strongly supports the viability of the Cashwerkz marketplace and the value-add service Rim Securities provides.

The continued development and promotion of Cashwerkz and Rim Securities will continue to be the principal activity of the group.



DIRECTORS' REPORT (cont'd)

OPERATING RESULT

The consolidated net loss attributable to members of Cashwerkz, after providing for income tax, was $7,313,520 (2018: $1,590,826).

Total income for the year ended 30 June 2019 is $1,152,540 (2018: $3,839,387). The decrease in total income is attributable to other income in the 2018 comparative relating to the gain on bargain purchase of Cashwerkz Technologies of $2,851,386 and $151,943 for the write-back of impairment expenses relating to the Jimmy Crow demerger.

Financial services revenue of $1,152,540 represents a 38% increase on the 2018 comparative period of $836,058.

Total expenses for the year ended 30 June 2019 were $8,466,060, up 42% against the 2018 comparative period of $5,956,307.

The increase to core business operating costs in the year is predominantly from employment and marketing costs as the group expands its personnel numbers with experienced people who have the capacity to significantly grow the business and promote the Cashwerkz platform.

Included in employment expenses of $4,284,397 is $984,876 (2018: $nil) of share based payment expenses for the issue of performance options to employees and KMP. Performance options have all been issued with performance hurdles to motivate executives and employees to strive to improve group performance and securityholder returns.

Finance costs for the year were $214,579 (2018: $222,166), predominantly attributable to interest on Convertible Redeemable Preference Shares (CRPS). Interests associated with Cashwerkz directors, Brook Adcock and Michael Hackett provided initial funding for the group and converted 4,771,278 CRPS on issue to 23,856,390 fully paid ordinary shares at a conversion price of 20 cents per ordinary share on 12 December 2018.

FINANCIAL POSITION

The net assets of the group increased by $7,729,016 to $6,677,575 at 30 June 2019, compared with $6,692,423 at 30 June 2018. This increase is largely attributable to the $10m capital raise in September 2018 and the conversion of CRPS by interests associated with directors Brook Adcock and Michael Hackett in December 2018, less operating losses for the year.

The group has cash and cash equivalents of $5,153,043 (June 2018: $401,734) and has no borrowings (June 2018: $4,003,239).

The directors believe the group is in a position to expand and grow its current operations.

REVIEW OF OPERATIONS AND BUSINESS SEGMENTS

Financial Services Segment

- ***CASHWERKZ PLATFORM (CASHWERKZ TECHNOLOGIES)***

  Cashwerkz Technologies streamlines investment in term deposits and other defensive assets. Our technology makes it easy to invest in a range of different instruments from many different financial institutions, by linking multiple market participants in a fast, safe and efficient way, without ever touching investor money. We make researching and managing term deposits easy while delivering up-to-date market competitive rates for clients.

  Our one-time Identification Verification and Management engine is at the centre of our process and supports banks know your client/anti-money laundering regulatory obligations.

  At the core of our business is an open and flexible serverless platform architecture that enables easy product development. This approach reduces time to market for new features and reduces our overheads. It also means the business has potential for further transformative innovation.

  A growing number of market participants choose to use the Cashwerkz platform, including banks, SMSFs, dealer groups and wholesale and institutional clients, as well as custodians, fund managers, middle market participants and financial planners.

- ***FIXED INTEREST SPECIALISTS (RIM SECURITIES)***

  RIM Securities provides fixed income brokerage services to a range of wholesale and institutional customers. The business is focused on adding to its experienced team of people who have the capacity to significantly grow the business. Additionally, RIM Securities is being strengthened with additional resources to support dealing staff and systems. It plays an integral role servicing Cashwerkz Technologies wholesale and institutional customers.

- ***CUSTODY, RESPONSIBLE ENTITY AND TRUSTEE SERVICES (CASHWERKZ)***

  Cashwerkz is a responsible entity for managed investment schemes, servicing Australian Master Equity Fund. The custody and trustee services are operating in a minimal capacity due to realignment of business strategies. An in-depth update will be provided at the end of this financial year.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

This is only the beginning of Cashwerkz' journey. We will continue to build our sales pipeline and find ways to add value for the AFSL Dealer groups and self-licensed advisers so that they can truly act in their clients' best interest in the cash and fixed interest space. We have seen a lot of success in the broker market and will continue to target growth in that area, as well as the custodian and fund manager segments. We are yet to target consumers directly despite seeing clients invest directly and we will review any marketing approach over time as we currently focus on the Business-to-Business segments.

We aim to add more banks, products, unique features and market-leading capability to the platform in the coming quarter – further differentiating the Cashwerkz marketplace from any other offerings available today. This will allow us to continue to assist trustees, custodians and financial planners to address the regulatory challenges they face. At the same time, we are continually creating process efficiencies around term deposit and cash investing. This helps our bank clients to support their customers' best interests by ensuring they have access to a wide selection of investment options. This will become increasingly important as rates and margins reduce and the market looks for options with embedded automation.

We are moving the business to be GS007 ready and awaiting to complete an audit in the next 12 months, we will also be increasing discussions with international banks and looking at opportunities overseas.

Our platform and marketplace approach means we will never offer our own products or financial advice, allowing us to provide a truly independent piece of infrastructure that very efficiently connects those with cash with those that seek it. Our client's cash does not pass through our platform but is instead securely directed by our platform to move directly between their own accounts.

BUSINESS RISK

The Cashwerkz Group (Cashwerkz) consists of complementary businesses in technology development and financial services that are exposed to a range of strategic, financial, technology, operational and related risks (Cashwerkz Businesses) that are inherent when operating in the fintech markets . Cashwerkz has an enterprise risk management framework which, together with corporate governance, provides a framework for managing the material risks.

Financial

The availability of funding and management of capital and liquidity are fundamental to Cashwerkz's business operations and growth. The Cashwerkz Businesses are in various stages of development and on a pathway to profitability which may take considerable time to achieve.

To mitigate these issues, Cashwerkz has approached investors who are willing to adopt a longer term view of returns on investment and have experience in investing in technology related assets. Cashwerkz will continue to invest in new technology and recognise which parts of the business can be reduced or outsourced, or assets sold to further improve the overall capital position.

A major focus of management is on building sales of products related to completed technology components.

Operational

Cashwerkz is subject to operational risk including the availability of high quality and experienced personnel for computer technology development and financial services.

To mitigate the issue, Cashwerkz has established policies, standards and training in respect of business operations, including people safety, health and wellbeing, food and product safety. Management continues to invest in our operational capability across processes, technology and improving our business so that it attracts and retains high calibre personnel. A recognised mitigation strategy is to utilise the resource of off-shore development staff on an online basis and at significantly lower employment costs.

Compliance

Cashwerkz is subject to applicable laws, regulations and contractual arrangements and is exposed to adverse regulatory or legislative changes. Breaches or adverse changes could result in negative impacts on Cashwerkz's reputation and profitability and significant fines or other adverse consequences.

To mitigate these issues, Cashwerkz has a compliance framework in place and a variety of policies have been established to facilitate legal, regulatory compliance and internal protocols. Management liaises regularly with government and regulatory bodies on proposed legal and regulatory changes and Cashwerkz Code of Conduct and training programs promote awareness of legal, regulatory and internal policy requirements.

Competition makers and new technologies

Cashwerkz competes against other fintech financial service providers in an industry that is currently highly concentrated. Cashwerkz faces the risk that its competitors, or a new entrant to the market, will increase its competitive position through one or more of marketing campaigns, product innovation, or through advances in technology. If this was to occur, Cashwerkz may compete less effectively against its competitors and its business, financial performance and operations may be adversely affected.

To mitigate the issue, Cashwerkz works closely with its' clients to address their needs.

BUSINESS RISK (cont'd)

Cyber Security, data loss, theft or corruption

Cashwerkz, through its technology platform, processes orders that contain highly confidential data. Cashwerkz's business could materially be disrupted by data breaches that may affect the security of information and data concerning Cashwerkz and/or its customers. This could occur through theft, unauthorised access or malicious attacks on Cashwerkz's systems, processes (e.g. hacking), unauthorised disclosure of confidential customer information or loss of information (e.g. system problems). While Cashwerkz undertakes measures to avoid and detect the occurrence of such security breaches, there is a risk that such measures may not be adequate.

A security breach could cause material harm to Cashwerkz's reputation and accordingly may have an adverse impact on Cashwerkz's ability to attract and retain new customers, growth prospects, operating results, reputation and financial performance.

To mitigate the issue, Cashwerkz has implemented a data breach policy that prescribes procedures addressing these items.

General IT infrastructure/platform-related risks

Cashwerkz is dependent on the performance, reliability and availability of its technology platform (including servers, the internet and its cloud-based infrastructure). Third party service providers provide some of these services. There is a risk that these systems may be adversely affected by interruption, failure, service outages or data corruption that could arise as a result of computer viruses, "bugs" or "worms", malware, internal or external use by websites, hacker attacks or other disruptions including natural disasters or power outages.

Such events outside of Cashwerkz's control may lead to business disruption and delay in completion of work for customers.

There is also a risk that Cashwerkz's potential growth may be constrained by a lack of scalability of the IT infrastructure. If the IT infrastructure cannot keep pace with Cashwerkz's growth, it will have a detrimental impact on Cashwerkz's ability to execute its growth objectives.

To mitigate the issue, Cashwerkz conducts internal and external audits.

Impact of privacy laws and regulations

Cashwerkz is subject to various privacy laws and regulations.

A privacy breach, due to a system failure or a compromise of security that results in the unauthorised access or release of customers' personal data may adversely affect Cashwerk'z reputation. In addition to this, the current data protection and privacy regimes, to which Cashwerkz is subject to, may result in Cashwerkz being required to pay significant fines to regulatory bodies in relation to any privacy breach.

To mitigate the issue, Cashwerkz has implemented a robust database structure with strong security that is penetrated tested regularly. Complementing this, Cashwerkz only allows access to third parties via secure login.

INFORMATION ON DIRECTORS

The following persons held office as directors of Cashwerkz during or since the end of the year. The names and details of the directors are:

Name	Position	Appointed
Michael Hackett	Chairman	25 July 1986
Nathan Leman	Director	24 November 2010
Brook Adcock	Director	17 August 2017
John Nantes	Director	17 August 2017

DIRECTORS

Michael Hackett	Chairman
Qualifications	Bachelor of Commerce - University of Queensland ACA Financial Planning Specialist
Directorships held in other listed entities in the past 3 years	Australian Dairy Nutritionals Limited – director from May 2009 to current Jimmy Crow Limited - director from June 1988 to August 2018
Interest in Cashwerkz shares & options	Michael Hackett has a relevant interest in 21,867,593 shares in Cashwerkz at 30 June 2019.

Michael was the founding chairman and managing director when the company was incorporated in 1986 and was reappointed chairman in November 2010. Michael is an associate of one of the company's majority shareholders through private company interests. He has had considerable experience in managing and operating a wide range of businesses and property developments.

Nathan Leman	Director
Qualifications	Commercial Builder and Project Manager
Directorships held in other listed entities in the past 3 years	Jimmy Crow Limited - director from November 2010 to current
Interest in Cashwerkz shares & options	Nathan Leman has a relevant interest in 2,878,880 shares in Cashwerkz at 30 June 2019.

Nathan was appointed as a director on 24 November 2010. He is a qualified project manager with approximately 20 years hands-on experience in managing development, construction and technology acquisition and implementation projects. He is responsible for the design and implementation of property and IT projects for the Cashwerkz group, including those relating to financial services technology platforms. As a director of Cashwerkz, Nathan has been appointed to the boards of most of its subsidiary entities.

Brook Adcock	Director
Qualifications	Strategic Financial Management Program Financial Modelling and Valuation for small, medium and fast growing companies AICD Company Directors Course 145 Pilots Course, CT4 and Macchi aircraft training Diploma of Air Force Studies Bachelor of Science
Directorships held in other listed entities in the past 3 years	Nil
Interest in Cashwerkz shares & options	Brook Adcock has a relevant interest in 54,239,679 shares in Cashwerkz at 30 June 2019.

Brook has already had several successful careers and brings with him a vast array of knowledge and experience. He graduated from The Australian Defence Force Academy in 1986, was a RAAF Pilot until 1996, a Qantas Pilot until 2008, founded Pandora Jewellery Australia in 2004, and his own successful Private Investment Company in 2009. His leadership, knowledge of technology, forward thinking, and administrative skills have positioned him at the vanguard of the current technology wave in Australia.

DIRECTORS (cont'd)

John Nantes	**Director**
Qualifications	Bachelor Law – Deakin University Bachelor Commerce – The University of Melbourne Bachelor of Arts – The University of Melbourne Diploma of Financial Planning – Deakin University Financial (tax) Adviser Member NTAA Member FPA
Directorships held in other listed entities in the past 3 years	Nil
Interest in Cashwerkz shares & options	John Nantes has a relevant interest in 7,749,496 shares in Cashwerkz at 30 June 2019.
John holds three bachelor degrees in Law, Commerce and Arts, as well as a Diploma of Financial Planning, and has over 20 years' experience in the financial services industry. He managed Australia's largest SMSF business at Crowe Horwath with 10,000+ accounts and has directed businesses with assets of over $10 billion. He is now the responsible manager for Cashwerkz.	

COMPANY SECRETARY

The following persons held office as a company secretary of Cashwerkz during the financial year:

Jerome Jones	**Company Secretary**
Interest in Cashwerkz shares & options	Jerome Jones has no relevant interest in Cashwerkz shares at 30 June 2019.
Jerome was appointed company secretary on 29 August 2014. Jerome is an experienced financial and management accounting analyst with experience in Australia and the UK. He is CPA qualified with specialist skills and experience in detailed management accounting and procedure implementation in several private and ASX listed businesses.	

MEETINGS OF DIRECTORS

The board generally meets on at least a bi-monthly basis either in person or by telephone conference. Directors meet bi-annually with the group's auditor to discuss relevant issues . On matters of corporate governance, the board retains its direct interest rather than through a separate committee structure which would be inappropriate for a company of the modest size and structure of Cashwerkz.

Aside from formally constituted directors' meetings, the non-executive directors are in regular contact with each other regarding the operation of the company and particular issues of importance. Written reports on trading activities, budget and performance and operating strategies are provided to the directors on a monthly basis or as required by changing circumstances.

The number of directors' meetings and number of meetings attended by each of the company directors during the financial year are set out in the table below:

Directors	Meetings eligible to attend	Meetings attended
Michael Hackett	12	12
Nathan Leman	12	12
Brook Adcock	12	12
John Nantes	12	12

NON-AUDIT SERVICES

The board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and is satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

i) all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and,

ii) the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional Ethical Standards board.

During the year ended 30 June 2019 there was no payment to external auditors for non-audit services (2018: $16,000).

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the group or intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The group was not a party to any such proceedings during the year.

ENVIRONMENTAL REGULATION

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

DIVIDENDS

No dividends have been paid or declared during or since the end of the year (2018: nil)

OPTIONS

At the date of this report, the unissued ordinary shares of Cashwerkz under option are as follows:

Grant Date	Number	Exercise Price	Exercisable on or before
10 August 2018	10,000,000	$0.29	31 December 2019
28 September 2018	1,000,000	$0.30	30 September 2021
28 September 2018	133,333	$0.40	30 September 2022
3 October 2018	1,206,897	$0.29	30 June 2020

Option holders do not have any rights, by virtue of holding options, to participate in any issues of securities or other interests of the Company or any other entity.

There have been no other options granted over unissued securities or interests of any controlled entity within the group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

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28 September 2018	1,000,000	$0.30	30 September 2021
28 September 2018	133,333	$0.40	30 September 2022
3 October 2018	1,206,897	$0.29	30 June 2020

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INDEMNIFICATION OF OFFICERS

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

EVENTS AFTER BALANCE DATE

In the opinion of the Directors, there were no other material matters that have arisen since 30 June 2019 that have significantly affected or may sigificantly affect the Group, that are not disclosed elsewhere in this report or in the accompanying financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2019 has been received and a copy can be found at page 18.

REMUNERATION REPORT (AUDITED)

A. Remuneration policies and practices

The group's current remuneration policy is designed to align Key Management Personnel (KMP) objectives with shareholder and business objectives. The group uses a fixed remuneration structure with short-term performance components. However, as the senior management team is expanded the board intends to review the remuneration policy so that it is appropriate and effective in its ability to attract and retain good quality executives and directors to run and manage the group, as well as create common goals between directors, executives and shareholders.

The board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders in a general meeting. Fees for non-executive directors are not linked to the performance of the group. However, to align directors' interests with shareholder interests, directors are encouraged to hold shares in the company. Directors are reimbursed at cost for travelling expenses and other costs and in respect of attendance at meetings .

The chairman, Michael Hackett, holds a significant interest in the equity of Cashwerkz, which ensures he maintains a strong alignment with shareholders' interests. Other employees and contractors are remunerated at market rates applicable to their qualifications, experience and contribution to the group. The remuneration policy allows for the use of remuneration consultants where necessary, although none were used in the 2019 financial year.

An employee share scheme was approved by shareholders in 1988. It has not operated since 1994 and currently no employee or director has a right to participation in any bonus scheme involving shares in Cashwerkz. As at the date of this report no shares have been allotted to any employees.

All remuneration paid to directors and executives is valued at the cost to the company. Where applicable, part of such remuneration may be capitalised into the carrying value of long-term projects. Directors and executives receive a fixed salary and a minimum superannuation guarantee contribution required by the government and any statutory retirement and long service leave benefits. Some directors provide consulting services to Cashwerkz.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure related to their remuneration.

The remuneration policy allows directors and KMP to use Cashwerkz shares as collateral in any financial transaction, including margin loan arrangements.

B. Performance-based remuneration

At present remuneration is linked to general market levels with short-term performance components. As the group expands in the near future, remuneration policy and practices will be reassessed to realign director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the group's financial results.

C. Relationship between remuneration policy and company performance

The maximum aggregate amount of directors' fees that can be paid to directors is subject to approval by shareholders at the Annual General Meeting and is not linked to the performance of the company. Fees for non-executive directors are not linked to company performance. To align directors' and shareholder interests, the directors are encouraged to hold shares in the company.

Some employees are eligible for bonuses, which are linked to predetermined individual benchmarks. The current remuneration policy seeks to align director and executive objectives with those of shareholders by recognising the criticality of funds being utilised to achieve business development objectives.

D. Employment details of members of key management personnel (KMP) and other executives

The following table provides employment details of persons who, during the financial year, were members of KMP of the group. No KMP remuneration was performance based. The table illustrates the proportion of remuneration that was non-performance based.

Name	Position held	Contract details	Non-salary cash based incentives	Shares	Options	Fixed salary / fees	Total
Directors			%	%	%	%	%
M Hackett	Chairman	N/A	-	-	-	100	100
N Leman	Director	N/A	-	-	-	100	100
B Adcock	Director	N/A	-	-	-	100	100
J Nantes	Director	3 months notice	-	-	-	100	100
Executives							
H Ortiz	CEO	3 months notice	-	-	-	100	100

For senior executives of Rim Securities and Cashwerkz, employment conditions are formalised in contracts of employment.

REMUNERATION REPORT (AUDITED) (cont'd)

E. Remuneration details for the year ended 30 June 2019

Details of the nature and amount of each major element of remuneration for KMP and other executives of the group during the financial year:

Key Management Personnel (KMP)	Short Term Benefit		Post Employment	Long Term Benefit	Termination	Equity Based Payments	Total
	Salary / Director's Fees	Bonus	Super Contributions	Long Service Leave	Termination benefits	Shares and options	
2019	**$**	**$**	**$**	**$**	**$**	**$**	**$**
M Hackett	150,000	-	14,250	2,862	-	174,174	341,286
N Leman[1]	38,750	-	-	-	-	174,174	212,924
B Adcock	-	-	-	-	-	174,174	174,174
J Nantes[2]	198,000	93,183	-	-	-	348,348	639,531
H Ortiz	241,324	100,000	32,426	3,183	-	114,006	490,939
Total	**628,074**	**193,183**	**46,676**	**6,045**	**-**	**984,876**	**1,858,854**

[1.] This amount is paid in accordance with a contract arrangement with Mikko Constructions Pty Ltd, an entity associated with Nathan Leman. Refer to Note 19: Related Party Transactions.

[2.] This amount is paid in accordance with a contract arrangement with CJN Advisory Pty Ltd, an entity associated with John Nantes. Refer to Note 19: Related Party Transactions.

Options Granted as Share-based Payments

The terms and conditions relating to performance options granted as remuneration during the year to KMP are as follows:

Name	Remuneration Type	Grant Date	Grant Value $	Reason for Grant Note	Percentage Vested / Paid during Year %	Percentage Forfeited during Year %	Percentage Remaining as Unvested %	Expiry Date for Vesting or Payment	Range of Possible Values Relating to Future Payments
M Hackett	Options	10/08/2018	174,174	(i)	100	-	-	31/12/19	n/a
N Leman	Options	10/08/2018	174,174	(i)	100	-	-	31/12/19	n/a
B Adcock	Options	10/08/2018	174,174	(i)	100	-	-	31/12/19	n/a
J Nantes	Options	10/08/2018	348,348	(i)	100	-	-	31/12/19	n/a
H Ortiz	Options	3/10/2018	114,006	(ii)	100	-	-	30/06/20	n/a

Options Granted as Share-based Payments

The terms and conditions relating to performance options granted as remuneration during the year to KMP are as follows:

Name	Remuneration Type	Grant Date	Grant Value $	Reason for Grant Note	Percentage Vested / Paid during Year %	Percentage Forfeited during Year %	Percentage Remaining as Unvested %	Expiry Date for Vesting or Payment	Range of Possible Values Relating to Future Payments
M Hackett	Options	10/08/2018	174,174	(i)	100	-	-	31/12/19	n/a
N Leman	Options	10/08/2018	174,174	(i)	100	-	-	31/12/19	n/a
B Adcock	Options	10/08/2018	174,174	(i)	100	-	-	31/12/19	n/a
J Nantes	Options	10/08/2018	348,348	(i)	100	-	-	31/12/19	n/a
H Ortiz	Options	3/10/2018	114,006	(ii)	100	-	-	30/06/20	n/a

REMUNERATION REPORT (AUDITED) (cont'd)

E. Remuneration details for the year ended 30 June 2019 (cont'd)

(i) Options were issued as part of the group's LTIP with vesting milestones based on Total Securityholder Returns.

(ii) Performance options were issued as part of the group's LTIP and vested upon achievement of performance hurdles set by the board.

Options Granted as Remuneration

		Grant Details			Exercised		Forfeit/ Cancel	
	Balance at 01/07/2018	Issue Date	No.	Value ($)	No.	Value ($)	No.	Balance at 30/06/2019
M Hackett	-	10/08/2018	2,000,000	174,174	-	-	-	2,000,000
N Leman	-	10/08/2018	2,000,000	174,174	-	-	-	2,000,000
B Adcock	-	10/08/2018	2,000,000	174,174	-	-	-	2,000,000
J Nantes	-	10/08/2018	4,000,000	348,348	-	-	-	4,000,000
H Ortiz	-	3/10/2018	1,206,897	114,006	-	-	-	1,206,897
TOTAL	**-**		**11,206,897**	**984,876**	**-**	**-**	**-**	**11,206,897**

		Vested	Unvested
	Balance at 30/06/2019	No.	No.
M Hackett	2,000,000	2,000,000	-
N Leman	2,000,000	2,000,000	-
B Adcock	2,000,000	2,000,000	-
J Nantes	4,000,000	4,000,000	-
H Ortiz	1,206,897	1,206,897	-
	11,206,897	**11,206,897**	**-**

The fair value of options granted as remuneration as shown in the above table has been determined in accordance with Australian Accounting Standards and will be recognised as an expense over the relevant vesting period.

Description of Options Issued as Remuneration

Details of the options granted as remuneration to those KMP listed in the previous table are as follows:

Grant Date	Issuer	Entitlement on Exercise	Dates Exercisable	Exercise Price	Value at Grant Date	Amount Paid/ Payable by Recipient
				$	$	$
10/08/18	Cashwerkz Limited	1:1	31/12/19	$0.29	$0.087	nil
3/10/18	Cashwerkz Limited	1:1	30/06/20	$0.29	$0.095	nil

Description of Options Issued as Remuneration

Option values at grant date were determined using a binomial method.

Details relating to performance criteria required for vesting have been provided in the Options Granted as Share-based payments table.

REMUNERATION REPORT (AUDITED) (cont'd)

F. Remuneration details for the year ended 30 June 2018

Key Management Personnel (KMP)	Short Term Benefit		Post Employment	Long Term Benefit	Termination	Equity Based Payments	Total
	Salary / Director's Fees	Bonus	Super Contributions	Long Service Leave	Termination benefits	Shares and options	
2018	$	$	$	$	$	$	$
M Hackett	150,000	-	14,250	5,834	-	-	170,084
K Daly[3]	6,452	-	613	-	-	-	7,065
N Leman[1]	26,460	-	-	-	-	-	26,460
B Adcock	-	-	-	-	-	-	-
J Nantes[2]	171,919	-	-	-	-	-	171,919
H Ortiz	250,000	-	23,750	4,771	-	-	278,521
E Hackett[3]	13,085	-	1,243	2,276	-	-	16,604
Total	**617,916**	**-**	**39,856**	**12,881**	**-**	**-**	**670,653**

[1] This amount is paid in accordance with a contract arrangement with Mikko Constructions Pty Ltd, an entity associated with Nathan Leman. Refer to Note 19: Key Management Personnel (KMP) Interests.

[2] This amount is paid in accordance with a contract arrangement with Nantes Business Advisory Pty Ltd, an entity associated with John Nantes. Refer to Note 19: Key Management Personnel (KMP) Interests.

[3] Retired on the 17 August 2017 on the demerger of Jimmy Crow.

G. KMP Shareholdings and Options Holdings

The number of ordinary shares in Cashwerkz held by each of the KMP of the group during the financial year is as follows:

Listed fully paid ordinary shares

30 June 2019	Balance at 01/07/2018	Granted as remuneration	Net change other	Purchased / (sold)	Balance at 30/06/2019
Michael Hackett	18,099,178	-	3,693,786	74,629	21,867,593
Nathan Leman	2,878,880	-	-	-	2,878,880
Brook Adcock	39,696,339	-	19,243,340	(4,700,000)	54,239,679
John Nantes	4,499,496	-	-	3,250,000	7,749,496
Hector Ortiz	-	-	-	-	-
Total	**65,173,893**	**-**	**22,937,126**	**(1,375,371)**	**86,735,648**

30 June 2018	Balance at 01/07/2017	Granted as remuneration	Net change other	Purchased / (sold)	Balance at 30/06/2018
Michael Hackett	15,739,203		1,300,000	1,059,975	18,099,178
Kerry Daly	460,200	-	(460,200)[1]	-	-
Nathan Leman	2,878,880	-	-	-	2,878,880
Brook Adcock	-	-	38,231,643	1,464,696	39,696,339
John Nantes	-	-	4,138,766	360,730	4,499,496
Hector Ortiz	-	-	-	-	-
Elizabeth Hackett	1,877,962	-	(1,877,962)[2]	-	-
Total	**20,956,245**	**-**	**41,332,247**	**2,885,401**	**65,173,893**

[1] Kerry Daly retired as a director on the 17 August 2017 on the demerger of Jimmy Crow.
[2] Elizabeth Hackett retired as operations manager on the 17 August 2017 on the demerger of Jimmy Crow.

The above tables represent KMP's relevant interest in shares.

REMUNERATION REPORT (AUDITED) (cont'd)

H. KMP Other Equity Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

I. KMP loan amounts payable

There are no KMP loan amounts payable at 30 June 2019.

In the 2018 comparative period, the group had short-term unsecured loan facilities of $685,448 with related entities of Michael Hackett, a director of the group. The facility was charged interest at 2% above the CBA loan facility rate and was repaid as part of the Jimmy Crow Demerger and group restructure.

2018	Opening balance	Closing balance	Interest charged	Interest not charged	Provision for impairment	Loans advanced / (repaid)
Amounts Payable to:						
Jabane Pty Ltd	417,039	-	3,213	-	-	(420,252)
Fiduciary Nominees Pty Ltd	268,409	-	1,715	-	-	(270,124)
	685,448	**-**	**4,928**	**-**	**-**	**(690,376)**

J. KMP Contracts for Services

Other than as disclosed in Employment details of members of key management personnel (KMP) and other executives (refer point D), there are no formal employment contracts in place for any other key management personnel in the group.

K. Transactions with Key Management Personnel

From time to time Key Management Personnel may purchase or supply goods or services from or to the group.

These transactions are made on an arms-length commercial basis and are outlined below:

- Nathan Leman is a director of Mikko Constructions Pty Ltd (Mikko). Mikko undertakes project management and IT establishment work for the group on a cost recovery basis. During the 2019 year, $38,750 (2018: $26,460) was paid by the group to Mikko. At 30 June 2019 the group owed Mikko $5,115 (2018: $1,705).
- John Nantes is a director of CJN Advisory Pty Ltd (CJN), who undertakes responsible manager and consulting services work for the group. During the 2019 year, $198,000 (2018: $171,919) was paid by the group to CJN and at 30 June 2019 the group owed CJN $16,500 (2018: $16,500).
- Nathan Leman is a director and Michael Hackett a former director of Jimmy Crow Limited (Jimmy Crow), who utilise the services of the Cashwerkz administration team on a cost recovery basis. During the 2019 year, $50,648 (2018: $57,496) was charged by the group to Jimmy Crow and at 30 June 2019 Jimmy Crow owed the group $5,581 (2018: $57,496).

This report of the directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the board of directors.

Michael Hackett

Michael Hackett
Chairman

Brisbane

30 August 2019

CORPORATE GOVERNANCE STATEMENT

The board is responsible for the overall Corporate Governance of the group.

The board monitors the operational and financial position and performance of the group and oversees the business strategy, including approving the strategic goals of the group and considering and approving its business plan and the associated subsidiary entities and corporate budgets.

The board is committed to maximising performance and growth and generating appropriate levels of security holder value and returns. In conducting the group's business, the board strives to ensure the group is properly managed to protect and enhance shareholder interests and that the group operates in an appropriate environment of Corporate Governance. In accordance with this, the board has developed and adopted a framework of Corporate Governance policies and practices, risk management practices and internal controls that it believes are appropriate for the group.

The Corporate Governance Statement, which was lodged with this annual report, discloses the extent to which the group will follow the recommendations taking into account that the relatively small size of the company requires that the cost and benefits of adoption need to be taken into account in determining the extent of practical implementation.

The principal governance related policies and practices are as follows:

- Corporate Governance Statement
- Board Charter
- Securityholder Communication Policy
- Risk Management Policy
- Continuous Disclosure Policy
- Code of Conduct

Details of the group's key policies, charters for the board and code of conduct are available on the Group's website under the Investors tab at www.cashwerkz.com.au.

Nexia Australia

Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

To the Directors of Cashwerkz Limited

As lead auditor of Cashwerkz Limited I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

This declaration is in respect of Cashwerkz Limited and the entities it controlled during the year.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Robertson

AM Robertson
Director

Date: 30 August 2019

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
Continuing operations	**Notes**	**$**	**$**
Financial services revenue	3(a)	1,152,540	836,058
Other income	3(a)	-	3,003,329
Business operating expenses		(1,359,586)	(798,277)
Employment expenses	3(c)(ii)	(4,284,397)	(2,523,174)
Finance costs	3(c)(i)	(214,579)	(222,166)
Depreciation and amortistion expense		(1,310,626)	(1,181,392)
Property operating expenses		(250,691)	(292,251)
Other expenses		(1,046,181)	(939,047)
Loss before income tax		**(7,313,520)**	**(2,116,920)**
Income tax benefit/(expense)	4	-	-
Loss from continuing operations		**(7,313,520)**	**(2,116,920)**
Discontinued operations			
Profit from discontinued operations after tax	5	-	526,094
Net loss for the year		**(7,313,520)**	**(1,590,826)**
Other comprehensive income			
Items that will not be classified subsequently to profit or loss:			
Fair value movement on financial assets at fair value through other comprehensive income, net of tax from discontinued operations		-	(1,935)
Items that will be reclassified subsequently to profit or loss		-	-
Other comprehensive loss for the period, net of tax		**-**	**(1,935)**
Total comprehensive loss for the period, net of tax		**(7,313,520)**	**(1,592,761)**
Loss attributable to:			
Members of the parent entity		(7,313,520)	(1,590,826)
Total comprehensive loss attributable to:			
Members of the parent entity		(7,313,520)	(1,592,761)
Earnings per share:	22	**Cents**	**Cents**
From continuing and discontinued operations			
Basic earnings per share		(5.4)	(2.9)
Diluted earnings per share		(5.4)	(2.9)
From continuing operations			
Basic earnings per share		(5.4)	(3.6)
Diluted earnings per share		(5.4)	(3.6)
From discontinued operations			
Basic earnings per share		-	0.7
Diluted earnings per share		-	0.7

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2019 $	2018 $
Current Assets			
Cash and cash equivalents	6	5,153,043	401,734
Trade and other receivables	7	380,650	363,451
Other current assets	8	355,595	262,428
Total Current Assets		**5,889,288**	**1,027,613**
Non-Current Assets			
Intangibles	9	8,883,612	10,158,894
Property, plant & equipment	10	209,140	207,458
Total Non-Current Assets		**9,092,752**	**10,366,352**
Total Assets		**14,982,040**	**11,393,965**
Current Liabilities			
Trade and other payables	11	311,641	512,099
Borrowings	12	-	4,003,239
Provisions	13	238,521	189,205
Total Current Liabilities		**550,162**	**4,704,543**
Non-Current Liabilities			
Provisions	13	25,287	11,847
Total Non-Current Liabilities		**25,287**	**11,847**
Total Liabilities		**575,449**	**4,716,390**
Net Assets		**14,406,591**	**6,677,575**
Equity			
Issued capital	14	26,082,459	12,158,304
Reserves	15	1,103,533	-
Retained earnings		(12,779,401)	(5,480,729)
Total Equity		**14,406,591**	**6,677,575**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $	2018 $
Cash Flows from Operating Activities			
Receipts from customers		912,870	849,570
Payments to suppliers and employees		(6,068,707)	(4,341,012)
Interest received		119,178	9,485
Finance costs		(1,541)	(12,463)
Net operating cash flows	6(b)	**(5,038,200)**	**(3,494,420)**
Cash Flows from Investing Activities			
Payment for property, plant & equipment	10	(31,795)	(252,672)
Payment for intangible assets	9	(5,230)	(79,941)
Cash on demerger of Jimmy Crow	5	-	(274,667)
Cash on acquisition of Cashwerkz	18(c)	-	6,388
Net investing cash flows		**(37,025)**	**(600,892)**
Cash Flows from Financing Activities			
Proceeds from issues of shares	14	9,271,534	650,000
Proceeds from issue of convertible preference shares	12	555,000	3,793,001
Net loans to related parties		-	(548,529)
Net financing cash flows		**9,826,534**	**3,894,472**
Net increase / (decrease) in cash held		**4,751,309**	**(200,840)**
Cash at the beginning of the period		401,734	602,574
Cash at the end of the financial period	6(a)	**5,153,043**	**401,734**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Issued Capital Ordinary	Option Reserve	Retained Earnings	Total
	$	$	$	$
Balance at 1 July 2018	**12,158,304**	**-**	**(5,480,729)**	**6,677,575**
Cumulative adjustment upon change in accounting policy (AASB 15)	-	-	14,848	14,848
Balance at 1 July 2018 (restated)	**12,158,304**	**-**	**(5,465,881)**	**6,692,423**
Comprehensive income for the period				
Profit attributable to members of parent entity	-	-	(7,313,520)	(7,313,520)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	**-**	**-**	**(7,313,520)**	**(7,313,520)**
Tranaction with owners, in their capacity as owners and other transfers				
Contributions of equity, net of transaction costs (refer Note 14)	13,924,155	-	-	13,924,155
Share based payments	-	1,103,533	-	1,103,533
Total transactions with owners	**13,924,155**	**1,103,533**	**-**	**15,027,688**
Balance at 30 June 2019	**26,082,459**	**1,103,533**	**(12,779,401)**	**14,406,591**

	Issued Capital Ordinary	Financial Asset Revaluation Reserve	Common Control Reserve	Retained Earnings	Total
	$	$	$	$	$
Balance at 1 July 2017	**4,058,525**	**6,963**	**-**	**2,931,757**	**6,997,245**
Comprehensive Income for the year					
Loss attributable to members of parent entity	-	-	-	(1,590,826)	(1,590,826)
Other comprehensive loss from discontinued operations	-	(1,935)	-	-	(1,935)
Total comprehensive loss for the year	**-**	**(1,935)**	**-**	**(1,590,826)**	**(1,592,761)**
Transactions with owners, in their capacity as owners, and other transfers					
Share issue - director placements	650,000	-	-	-	650,000
Share issue - acquisition of Cashwerkz	7,449,779	-	-	-	7,449,779
Total transactions with owners and other transfers	**8,099,779**	**-**	**-**	**-**	**8,099,779**
Other					
Common control reserve recognised on Jimmy Crow demerger (refer Note 5)	-	(5,028)	(6,721,110)	-	(6,721,110)
Derecognition of investments in subsidiaries on demerger	-	-	(100,550)	-	(100,550)
Transfer (to) / from retained earnings	-	-	6,821,660	(6,821,660)	-
Total other	**-**	**(5,028)**	**-**	**(6,821,660)**	**(6,826,688)**
		-			
Balance at 30 June 2018	**12,158,304**	**-**	**-**	**(5,480,729)**	**6,677,575**

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of Cashwerkz Limited (Cashwerkz) and controlled entities (the group). Cashwerkz is a listed public company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Cashwerkz Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*. Supplementary information about the parent entity is disclosed in Note 2.

The financial statements were authorised for issue as at the date of the directors declaration.

BASIS OF PREPARATION

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board, the *Corporations Act 2001* and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial report, except for cash flow information, has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

A. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Cashwerkz Limited)and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of controlled entities is contained in Note 18 Controlled Entities.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the group from the date on which control is obtained by the group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the group.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase

Common control business combinations

Business combinations involving entities or businesses under common control are outside the scope of AASB 3: Business Combinations. A common control transaction took place on 17 August 2017 as part of the demerger of Jimmy Crow from Cashwerkz and has been accounted for using predecessor accounting, without the recognition of additional goodwill. The common control reserve represents the net assets acquired. Balances in the common control reserve relating to demerged entities and demerged assets and liabilities have been transferred to retained earnings

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest; and

(iii) the acquisition date fair value of any previously held equity interest;

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. Principles of Consolidation (cont'd)

over the acquisition date fair value of net identifiable assets acquired

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

The amount of goodwill recognised on acquisition of each subsidiary in which the group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Goodwill

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

B. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income for the period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity outside the profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deffered tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all the econimic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deffered tax asset is measured on the basis that the carrying amount of such property will be recoved entirely through use.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from (a) the initial recognition of goodwill, or (b) the initial recognition of an asset or liability in a transaction which, (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Income Tax (cont'd)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

Cashwerkz Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax assets and liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the head entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2004. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

C. Fair Value of Assets and Liabilities

The group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

D. Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic valuations by external independent valuers, less accumulated depreciation for buildings. Valuation assessments are also conducted by management using the same methodology applied in previous independent valuations, taking into account comparable rentals and capitalisation rates to recent new leases and sales achieved which reflect the prevailing economic conditions, to assess whether the book values represent fair values.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity, all other decreases are recognised in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Property, Plant and Equipment (cont'd)

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to be estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease is the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (Refer to Note 1(G)) for details of impairment.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful-life rates used for each class of depreciable assets are:

Class of Fixed Assets	**Depreciation Rate (years)**
Buildings	40
Leasehold improvements	10
Plant and equipment	10-15
Leased plant and equipment	2-8

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

E. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

F. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

All of the group's financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability; that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

The group does not have any financial liabilities classified as held for trading, designated as fair value through profit or loss or any financial guarantee contracts.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost; or
- fair value through other comprehensive income.

Measurement is on the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

F. Financial Instruments (cont'd)

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or not a contingent consideration recognised by an acquirer in a business combination to which AASB 3: Business Combinations applies, the group may make an irrevocable election to measure any subsequent changes in fair value of the equity instrument in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Compound financial instruments

The component parts of compound instruments issued by the group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible instrument, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option. Transaction costs that relate to the issue of the convertible instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible instruments using the effective interest method.

During the year the group redeemed convertible redeemable preference shares that had been designated as financial liabilities in their entirety, refer Note 14.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial assets:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the group no longer controls the asset (i.e. the group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity which was elected to be classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

F. Financial Instruments (cont'd)

Impairment

The group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost;

Loss allowance is not recognised for:

- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on credit risk characteristics and the days past due.

There are no expected credit losses in the group's financial assets.

G. Impairment of Assets

At the end of each reporting period, the group assesses whether there is any indiciation that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

H. Intangible assets other than goodwill

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The amortisation method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Capitalisation of platform development costs

Research costs and costs associated with maintaining software programmes are expensed in the period in which they are incurred. Development costs and software costs that are directly attributable to the design and testing of identifiable and unique software products controlled by Cashwerkz are recognised as intangible assets and amortised from the point which the asset is ready for use when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised platform costs are amortised on a straight line basis over the period of their expected benefit to the group being 10 years.

Trademarks

Trademarks are recognised at cost of acquisition. Trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Trademarks are amortised over their useful life.

Software

Software which has been externally acquired is recognised at cost of acquisition. Once the software is fully operational, the expenditure has a finite useful life of 5 years and is carried at cost less any accumulated amortisation and impairment losses.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

I. Employee Benefits

Short-term employee benefits

Provision is made for the group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

J. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

K. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

L. Revenue and Other Income

In the comparative period

Revenue was measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method.

Commission income is taken to account when payment is made to the service provider or the monies are satisfactorily accounted for to the service provider and settlement has occured.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably.

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

In the current period

Under the new standard, revenue from contracts with customers generated by the group will only impact the following reportable segment:

The sale of financial services are measured at the fair value of consideration received after taking into account any trade discounts or volume rebates allowed.

The sale of financial services represents a single performance obligation and accordingly, revenue will be recognised in respect of the sale of these services at the point in time when control over the corresponding services is transferred to the customer (i.e. at a point in time for services when the services are delivered to the customer). Under AASB 15, revenue is recognised when control of the services transfer to the customer i.e. when the services have been delivered to a customer pursuant to a sales order. This represents a change in revenue recognition accounting policy of the group from previous recognition when revenue recognition relating to the provision of services was determined with reference to the stage of completion of the transaction at reporting date and where the outcome of the contract could be estimated reliably.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

M. Trade and Other Payables

Trade and other payables represent the liabilities outstanding at the end of the reporting period for goods and services received by the group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

N. 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 Australian Tax Office. Receivables and payables are shown inclusive of GST. The net amount of GST receivable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

O. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a Statement of Financial Position as at the beginning of the earliest comparative period will be disclosed.

P. Trustee / Responsible Entity Obligations

Cashwerkz acts as responsible entity for managed investment schemes registered with the Australian Securities and Investment Commission. A responsible entity is liable for limited obligations of its underlying trusts, and generally has a right of indemnity against the trusts' assets. These financial statements do not recognise such liabilities except to the extent that the group has committed a breach of fiduciary duty, or the extent that an underlying trust might have insufficient assets to settle its obligations. Such circumstances have not arisen. Cashwerkz has no obligation in respect of any borrowing or other liability of any trust for which it acts as responsible entity.

The Consolidated Cash Flow Statement does not reflect any cash flows attributable to the activities of the group undertaken on behalf of the trust's. At balance date, to the directors' knowledge the assets of the trust's are sufficient to meet their liabilities.

Commissions and fees earned in respect of the trust's activities are included in profit and loss, which also includes commissions and fees earned or paid from fund management activities.

Q. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates

(i) Impairment

The group assesses impairment at each reporting date by evaluating conditions and events specific to the group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using fair value less costs to sell and value-in-use calculations which incorporate various key assumptions.

(ii) Accounting for the demerger of Jimmy Crow from Cashwerkz

The demerger of Jimmy Crow from Cashwerkz was a significant event and prior to the demerger, required a complex restructure to separate and align the relevant businesses, assets and liabilities within the respective entities.

Cashwerkz has elected to account for the demerger of entities, assets and liabilities under common control at the carrying value recorded in Cashwerkz's financial statements at the date of the demerger.

Accounting for demergers are initially accounted for on a provisional basis. The controlling entity retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the demerger date. The measurement period ends on either the earlier of:

i. 12 months from the date of the demerger or

ii. when the controlling entity receives all the information possible to determine the appropriate carrying value of the entities being carved out from the Group.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Q. Critical Accounting Estimates and Judgments (cont'd)

(iii) Goodwill and Software

The group makes assessments of goodwill and software based on recoverable amount calculations. Refer note 9(a) for further calculation details including growth rates, discount rates and sensitivity.

Key Judgements

(i) Future Tax benefit of Tax Losses

At 30 June 2019, the directors reassessed the recoverability of the future tax benefits of tax losses and consider there is no certainty that future taxable profit will be available to enable the benefit of tax losses to be realised. At each period end the directors will reassess the recoverability of the future tax benefit of these tax losses.

R. New and Amended Accounting Policies Adopted by the Group

This note describes the nature and effect of the adoption of AASB 9: Financial Instruments and AASB 15: Revenue from Contracts with Customers on the group's financial statements and also discloses the new accounting policies that have been applied from 1 July 2018, where they are different to those applied in prior periods.

As a result of the changes in the entity's accounting policies, prior year financial statements have been restated under AASB 15 and did not have to be restated for AASB 9.

(i) AASB 9: Financial Instruments – Impact of adoption

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Most of the changes are not relevant to the group, however there was a new impairment model introduced in AASB 9 which requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as was the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under AASB 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

The adoption of AASB 9 Financial Instruments from 1 July 2018 resulted in changes to the group's accounting policies. No opening adjustment was necessary as a result of the adoption of AASB 9.

Impairment of financial assets

The Group has one type of financial asset that is subject to AASB 9's new expected credit loss model:

- trade receivables for sales of financial services.

The group was required to review its impairment methodology under AASB 9 for each of these classes of assets and no adjustment was required.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on credit risk characteristics and the days past due. There was no material difference between the expected credit loss calculated under AASB 9 and AASB 139.

(ii) Initial Application of AASB 15: Revenue from Contracts with Customers

The group has adopted AASB 15 Revenue from Contracts with Customers from 1 July 2018 which resulted in changes in accounting policies and required retrospective adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in AASB 15, the group has adopted the new standard with the modified retrospective method and has determined the application of AASB 15 resulted in the accelerated recognition of $14,848 in revenue in the comparative periods, no other adjustments were required.

S. New Accounting Standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the group. The directors have decided not to early-adopt any of the new and amended pronouncements. The following sets out their assessment of the pronouncements that are relevant to the group but applicable in future reporting periods.

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

The group has chosen not to early-adopt AASB 16. However, the group has conducted a preliminary assessment of the impact of this new Standard, as follows.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

S. New Accounting Standards for application in future periods (cont'd)

A core change resulting from applying AASB 16 is that most leases will be recognised on the balance sheet by lessees as the standard no longer differentiates between operating and finance leases. An asset and a financial liability are recognised in accordance to this new Standard. There are, however, two exceptions allowed: short-term and low-value leases.

Basis of preparation

The accounting for the group's operating leases will be primarily affected by this new Standard.

AASB 16 will be applied by the group from its mandatory adoption date of 1 July 2019. The comparative amounts for the year prior to first adoption will not be restated, as the group has chosen to apply AASB 16 retrospectively with cumulative effect. While the right-of-use assets for property leases will be measured on transition as if the new rules had always been applied, all other right-of-use assets will be measured at the amount of the lease liability on adoption (after adjustments for any prepaid or accrued lease expenses).

The group's non-cancellable operating lease commitments amount to $683,496 as at the reporting date.

The group has performed a preliminary impact assessment and has estimated that on 1 July 2019, the group expects to recognise the right-of-use assets of approximately $609,000 and lease liabilities of approximately $627,000 (after adjusting for prepayments and accrued lease payments recognised as at 30 June 2019).

Following the adoption of this new Standard, the group's net profit after tax is expected to increase by approximately $3,000 in 2020.

The repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities, thus increasing operating cash flows and decreasing financing cash flows by approximately $306,000.

NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	2019 $	2018 $
Statement of Financial Position		
Assets		
Current assets	4,683,542	461,906
Non-current assets	8,430,495	8,445,730
Total assets	**13,114,037**	**8,907,636**
Liabilities		
Current liabilities	142,132	4,162,986
Non-current liabilities	6,620	2,844
Total liabilities	**148,752**	**4,165,830**
Equity		
Issued capital	26,082,459	12,158,304
Reserves	1,103,533	-
Retained earnings	(14,220,707)	(7,416,498)
Total Equity	**12,965,285**	**4,741,806**
Statement of Profit or Loss and Other Comprehensive Income		
Total loss	(6,804,209)	(4,094,350)
Total comprehensive loss	(6,804,209)	(4,094,350)

Contingent liabilities and guarantees

The parent company does not have any contingent liabilities or guarantees in place for the year ended 30 June 2019.

Other contingent matters of the company, or the group, are mentioned in Note 16.

Contractual commitments

At 30 June 2019, the parent company had not entered into any contractual commitments (2018: $nil).

NOTE 3: REVENUE AND EXPENSES

		2019 $	2018 $
Continuing Operations			
(a) Revenue			
Revenue from contracts with customers	(i)	1,033,362	826,573
Other sources of revenue	(ii)	119,178	9,485
Total revenue		**1,152,540**	**836,058**
Discontinued Operations			
Other income	(iii)	**-**	**3,003,329**

(i) Revenue disaggregation

The group has disaggregated revenue into various categories in the following table. The revenue is disaggregated by service line and timing of revenue recognition.

	2019	2018
Service lines:		
- financial services	1,033,362	826,573
Timing of revenue recognition		
Services transferred to customers:		
- at a point in time	1,033,362	826,573
	1,033,362	**826,573**

	2019	2018
(ii) Other sources of revenue		
Interest		
- unrelated parties	119,178	9,485
	119,178	**9,485**
(iii) Other Income		
Write-back of impairment expense	-	151,943
Gain on bargain purchase	-	2,851,386
	-	**3,003,329**
(b) Total revenue and income		
Continued Operations		
(i) Total revenue and other income from continuing operations attributable to members of the entity	-	3,839,387
Discontinued Operations		
(ii) Total revenue and other income from discontinued operations attributable to members of the entity	-	1,289,165
(iii) Total revenue and other income from continuing and discontinued operations attributable to members of the entity	-	5,128,652
(c) Expenses		
(i) Finance costs		
Interest on CRPS - paid to KMP related parties / Director related parties	213,039	210,239
Finance charges payable under finance leases	1,540	5,690
Bank loans and overdrafts	-	1,309
Interest paid - related party	-	4,928
	214,579	**222,166**
(ii) Employee benefits expense		
Wages and salaries costs	2,924,225	2,246,791
Superannuation	281,321	217,103
Employee benefits provisions	93,975	59,280
Share based payment options	984,876	-
	4,284,397	**2,523,174**

NOTE 4: INCOME TAX EXPENSE

	2019	2018
	$	$
(a) The components of tax expense / (benefit) comprise		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) The prima facie tax on profit before income tax is reconciled to the income tax as follows		
Prima facie tax payable / (benefit) on profit / (loss) from ordinary activities before income tax at 27.5% (2018: 27.5%):	(2,011,218)	(394,106)
Add /(less)		
Tax effect of:		
- current period tax losses not recognised	1,972,655	913,662
- net amount of expenses not currently deductible	48,748	306,676
- other income not included in assessable income	(10,185)	(826,232)
Income tax expense / (benefit) attributable to entity	-	-

Applicable weighted average effective tax rates are nil due to losses.

(c) Deferred tax assets not recognised

Deferred tax assets and liabilities not brought to account, the net benefit of which will only be realised if the conditions for deductibility set out in Note 1: Statement of Significant Accounting Policies occur. The amount of losses ultimately available is also dependant on compliance with conditions of deductibility imposed by Taxation law.

	2019	2018
Temporary differences	(513,800)	(277,802)
Tax losses	6,525,619	3,124,225
Tax losses transferred in	-	1,428,740
Capital losses	151,051	542,894
Net unbooked deferred tax assets	**6,162,870**	**4,818,057**

The group has unconfirmed revenue losses of $23,729,525 (2018: $16,556,234) and capital losses of $549,277 (2018: $1,974,161). These losses comprise $18,534,108 of group losses and $5,195,417 of transferred in losses from Cashwerkz Technologies. The transferred in losses can be carried forward and may be utilised against taxable income in future years provided the Same Business Test is satisfied. The group is of the view that it satisfies the necessary criteria for these losses to be made available against future taxable profit, however the ATO will not rule on the availability to carry forward the losses at a point in time, they will only rule on the ability to utilise the losses at the date of utilisation.

The 2018 year carry forward loss amounts have been re-stated to agree to tax returns as lodged.

(e) Tax effects relating to each component of other comprehensive income

	2019			2018		
	Before-tax amount	Tax (expense) benefit	Net-of-tax amount	Before-tax amount	Tax (expense) benefit	Net-of-tax amount
	$	$	$	$	$	$
Financial assets revaluation	-	-	-	(1,935)	-	(1,935)
	-	**-**	**-**	**(1,935)**	**-**	**(1,935)**

NOTE 5: DISCONTINUED OPERATIONS

The demerger of Jimmy Crow Limited (Jimmy Crow) from Cashwerkz Limited (Cashwerkz) became effective 17 August 2017 and Jimmy Crow was listed as a separate standalone entity on the National Stock Exchange on 11 September 2017.

The demerger required Cashwerkz to undertake an internal corporate restructure prior to it becoming effective, and resulted in several entities becoming subsidiaries of Jimmy Crow prior to the demerger. In addition, a number of assets and liabilities were transferred between Cashwerkz and Jimmy Crow.

Cashwerkz's statutory financial information for June 2018 presents its performance in compliance with statutory reporting obligations, such that the results of the entity acquired during the demerger is only included from the date of acquisition. In addition, Cashwerkz's statutory financial results for 30 June 2018 comparative reflect changes in operating and corporate costs associated with the Jimmy Crow demerger.

Common Control Transactions on Demerger

As part of the Jimmy Crow demerger, certain legal entities were acquired or disposed by Cashwerkz. Also, as part of the demerger of Jimmy Crow certain assets and liabilities were acquired or disposed by Cashwerkz. These transactions occurred while under the control of Cashwerkz and for consolidation purposes were accounted for as transactions between entities under common control. Acquisition accounting was not applied, assets and liabilities were not remeasured to fair value nor did any goodwill arise. Rather, Cashwerkz elected to account for business combinations under common control at carrying value in Cashwerkz financial statements. Accordingly, all assets and liabilities disposed to Jimmy Crow as a result of the demerger were recognised at values consistent with their carrying values in Cashwerkz financial statements immediately prior to the demerger.

The common control reserve within equity represents net assets transferred intra-group under common control at the time of demerger as below:

	2018
Fair value of assets acquired and liabilities demerged to Jimmy Crow:	**$**
Cash and cash equivalents	(274,667)
Trade and other receivables	(1,520,699)
Other current assets	(233,400)
Inventories	(862,844)
Other financial assets	(1,904,339)
Intangibles	51,827
Property, plant and equipment	(4,879,572)
Trade and other payables	1,899,367
Borrowings	287,352
Provisions	725,865
Net identifiable assets acquired and liabilities assumed	**(6,721,110)**
Common control reserve recognised	**6,721,110**

	2018
	$
(a) Results contributed by the disposed entities up to disposal date:	
Revenue	1,289,165
Profit/ (loss) before income tax	526,094

In the 2018 comparative, in accordance with relevant accounting standards and Generally Accepted Accounting Principles, the completion of the provisional accounting of the demerger of Jimmy Crow resulted in measurement period adjustments related to matters concerned where the facts and circumstances existing at the demerger date did not materialise until after the release of the groups interim fnancial report. If the matters had been known at the time, the information would have affected the demerger accounting.

As a result, the 2018 comparative disclosed a revision to the demerger accounting disclosed in the groups interim financial report in December 2017.

The only impact of this was to affect the amounts reported on account of the Common Control Reserve and Derecognition of investments in subsidiaries on demerger as reported in the Statement of Changes in Equity.

NOTE 6: CASH AND CASH EQUIVALENTS

	2019 $	2018 $
Cash at bank and in hand	620,952	55,860
Short-term deposit	4,532,091	345,874
	5,153,043	**401,734**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and six months, depending on immediate cash requirements of the group, and earn interest at the respective short-term deposit rates. Short-term deposits are comprised of:

- $2,500,000 maturing 6 November 2019 with an interest rate of 2.85%;
- $1,500,000 maturing 31 July 2019 with an interest rate of 2.6%;
- $500,000 maturing 1 July 2019 with an interest rate of 2.25%; and
- $32,091 at call with an interest rate of 1.05%

The fair value of cash, cash equivalents and overdrafts is $5,153,043 (2018: $401,734).

(a) Reconciliation of Cash

For the purpose of the Cash Flow Statement, cash includes cash and cash equivalents comprising the following at 30 June 2019:

	Note	2019 $	2018 $
Cash at bank and in hand		620,952	55,860
Short-term deposit		4,532,091	345,874
	23	**5,153,043**	**401,734**

(b) Reconciliation of Profit after Income Tax to Cash Flows from Operations

	2019 $	2018 $
Net loss after income tax	(7,313,520)	(1,590,826)
Adjustment of non cash items		
Amortisation and depreciation	1,310,626	1,181,392
Share based payment expenses	984,876	-
Interest - related parties	213,039	210,239
Bargin purchase	-	(2,851,386)
Impairment of assets written back	-	(151,943)
Changes in assets and liabilities, net of the effects of movements in subsidiaries		
(Increase) / decrease in receivables and other current assets	(95,521)	(1,405,992)
(Increase) / decrease in inventories	-	99
Increase / (decrease) in trade creditors	(200,457)	1,037,217
Increase / (decrease) in provisions	62,757	76,780
Net operating cash flows	**(5,038,200)**	**(3,494,420)**

(c) Changes in liabilities arising from financing activities

	01.07.2018	Cash flow	Non-cash (d)		30.06.2019
	Opening balance $	Proceeds received from issue of preference shares	Capitalised borrowing costs	Conversion of preference shares	Closing balance $
Proceeds from issue of preference shares	4,003,239	555,000	213,039	(4,771,278)	-
Total	**4,003,239**	**555,000**	**213,039**	**(4,771,278)**	**-**

(d) Refer Note 14(b) for non-cash financing activities.

NOTE 7: TRADE AND OTHER RECEIVABLES

	Note	2019	2018
Current		**$**	**$**
Trade debtors		118,363	125,313
Other receivables		262,287	238,138
Total current receivables		**380,650**	**363,451**
Financial Assets classified as loans and receivables			
Trade and other receivables			
- Total current		380,650	363,451
Finanical Assets	23	**380,650**	**363,451**

(a) Credit risk - trade and other receivables

The group has no significant concentration of credit risk with respect to any single counter party or group of counter parties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the group. On a geographical basis, the group has no significant credit risk exposures.

(b) Lifetime expected credit loss

The group applies the simplified approach to providing for expected credit loss prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The group has not recorded an impairment for expected credit losses in the current or prior year as all trade and other receivables are considered AAA credit worthy ADI and other institutions with no balances past due.

NOTE 8: OTHER ASSETS

	Note	2019	2018
		$	**$**
Prepayments		169,900	101,175
Bonds and deposits	23	185,695	161,253
Total other assets		**355,595**	**262,428**

NOTE 9 INTANGIBLE ASSETS

	2019	2018
	$	**$**
Goodwill - at cost	226,316	226,316
	226,316	**226,316**
Software - at cost	11,435,510	11,308,022
less accumulated amortisation	(2,788,571)	(1,384,120)
	8,646,939	**9,923,902**
Trademarks and patent - at cost	11,164	8,937
less accumulated amortisation	(807)	(261)
	10,357	**8,676**
Total intangibles	**8,883,612**	**10,158,894**

NOTE 9 INTANGIBLE ASSETS (cont'd)

	Note	Goodwill	Software	Trademarks	Total
		$	$	$	$
Balance at 1 July 2018		226,316	9,923,902	8,676	10,158,894
Additions			2,918	2,312	5,230
Amortisation charge		-	(1,279,881)	(631)	(1,280,512)
Balance at 30 June 2019	(a)	**226,316**	**8,646,939**	**10,357**	**8,883,612**
Balance at 1 July 2017		226,316	592,510	789	819,615
Additions		-	71,878	8,063	79,941
Amortisation charge		-	(1,101,850)	(176)	(1,102,026)
Acquired on acquisition of Cashwerkz	18(c)	-	10,361,364	-	10,361,364
Balance at 30 June 2018	(a)	**226,316**	**9,923,902**	**8,676**	**10,158,894**

Included in intangibles are the Cashwerkz assets acquired on 17 August 2017, Refer Note 18(c)

(a) As part of the annual review of holding values of all intangibles the directors have reviewed the carrying values of goodwill, software and trademarks and have adopted the current carrying values at 30 June 2019.

Goodwill relates to the subsidiary Rim Securities cash generating unit and software intangibles relate to the cash generating unit of Cashwerkz.

KEY ASSUMPTIONS USED FOR RIM SECURITIES CASH GENERATING UNIT

Directors have assessed the carrying value of the Rim Securities intangibles to be not less than their recoverable value, by estimating the cash generating unit fair value less costs to sell. As part of the Cashwerkz acquisition, the Independent Expert Report prepared by PKF determined a revenue multiple of 1.5 was appropriate for Rim Securities and directors have considered this and other factors since the Independent Experts Report and believe this still remains appropriate and conservative.

KEY ASSUMPTIONS USED FOR CASHWERKZ CASH GENERATING UNIT

Value-in-Use

The recoverable amount of the CGU was based on value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The estimated recoverable amount of the CGU exceeded its carrying amount by approximately $1.1 million (2018: $1.7 million).

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2019	2018
Discount rate	16.71%	16.67%
Terminal value growth rate	1.90%	1.90%
Budgeted revenue growth rate (average of next five years)	116%	1,260%
Total funds under management	$5.85 Billion	$12.8 Billion

The discount rate was a pre-tax measure estimated based on the group's average weighted-average cost of capital. The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated taking into account past experience, adjusted as follows:

Revenue growth was projected taking into account the average growth levels experienced over the life of the asset and the estimated sales volume and price growth for the next five years. The key fundamental used in the determining revenue growth related to the Group obtaining total funds under management within the next 5 years of $12.8 Billion. Expenditure has been budgeted to grow annually in accordance with CPI.

Impairment

No impairment for the 2019 financial year has been recorded for intangible assets in the Cashwerkz cash generating unit.

The key assumptions in the impairment analysis are revenue growth and the discount rates used in the calculations. Sensitivity analysis indicated that given current industry conditions and the status of the group, no forseeable changes in any of the key assumptions would cause the recoverable amount of the CGU to be less than its carrying value.

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	2019	2018
	$	$
Plant and equipment owned		
- at cost	163,735	131,938
less accumulated depreciation	(115,853)	(99,074)
Total plant and equipment, net	**47,882**	**32,864**
Leasehold improvements		
- at cost	255,980	255,980
Less accumulated amortisation	(94,722)	(81,386)
Total Leasehold improvements, net	**161,258**	**174,594**
Total property, plant and equipment, net	**209,140**	**207,458**

Movements in the Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the year:

		Plant & equipment	Leasehold improvements	Total
30 June 2019	**Note**	**$**	**$**	**$**
Balance at the beginning of the financial year		32,864	174,594	207,458
Additions		31,795	-	31,795
Depreciation expense		(16,778)	(13,336)	(30,113)
Balance at end of financial year		**47,882**	**161,258**	**209,140**

		Plant & equipment	Leasehold improvements	Total
30 June 2018	**Note**	**$**	**$**	**$**
Balance at the beginning of the financial year		10,509	-	10,509
Additions		46,541	206,131	252,672
Acquired on acquisition of Cashwerkz	18(c)	14,058	24,301	38,359
Disposals		(14,716)	-	(14,716)
Depreciation expense		(23,528)	(55,838)	(79,366)
Balance at end of financial year		**32,864**	**174,594**	**207,458**

NOTE 11: TRADE AND OTHER PAYABLES

	Note	2019 $	2018 $
Current - unsecured			
Trade creditors		96,076	193,350
Sundry creditors and accrued expenses		215,565	318,749
Total current payables		**311,641**	**512,099**
Financial liabilities at amortised cost classified as trade and other payables	23	**311,641**	**512,099**

NOTE 12: BORROWINGS

	Note	2019 $	2018 $
Current			
Convertible redeemable preference shares (CRPS)	(a),23	-	4,003,239
Total current borrowings		**-**	**4,003,239**

(a) On 12 December 2018, interests associated with Cashwerkz directors, Brook Adcock and Michael Hackett, converted 4,771,278 CRPS on issue to 23,856,390 fully paid ordinary shares at a conversion price of 20 cents per ordinary share.

NOTE 13: PROVISIONS

	Note	2019 $	2018 $
Current			
Employee benefits		238,521	189,205
Total current provisions		**238,521**	**189,205**
Non-Current			
Employee benefits		25,287	11,847
Total non-current provisions		**25,287**	**11,847**
Opening Balance		201,052	52,446
Additional provisions		202,240	191,863
Acquired on acquisition of Cashwerkz	18(c)	-	86,970
Amounts used		(139,484)	(130,227)
Closing Balance		**263,808**	**201,052**

Provision for employee benefits

A provision has been recognised for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

The current portion for this provision includes the total amount accrued for annual leave and long service entitlements that have vested due to employees having completed the required period of service. Based on past experience the group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities as the group does not have an unconditional right to defer settlement of the amount in the event the employees wishes to leave their employment.

NOTE 14: ISSUED CAPITAL

	2019	2018
	$	$
Issued capital	26,082,459	12,158,304

(a) Movement in ordinary shares:

Date	Detail	Number of shares	Issue Price ($)	Issued Capital
01 Jul 2018	Opening balance	86,025,329		12,158,304
28 Sep 2018	Share Placement (i)	50,000,000	0.20	10,000,000
12 Dec 2018	Conversion of CRPS (ii)	23,856,390	0.20	4,771,278
	Transaction costs			(847,123)
30 June 2019	**Closing balance**	**159,881,719**		**26,082,459**

(i) On 28 September 2018, Trustees Australia issued 50,000,000 shares in a share placement to further develop the Cashwerkz platform.

(ii) On 12 December 2018, interests associated with Cashwerkz directors, Brook Adcock and Michael Hackett, converted 4,771,278 CRPS on issue to 23,856,390 fully paid ordinary shares at a conversion price of 20 cents per ordinary shares.

Date	Detail	Number of shares	Issue Price ($)	Issued Capital
01 Jul 2017	Opening balance	33,110,133		4,058,525
17 Aug 2017	Acquisition of Cashwerkz (i)	49,665,196	0.15	7,449,779
17 Aug 2017	Director placements (ii)	3,250,000	0.20	650,000
30 June 2018	**Closing balance**	**86,025,329**		**12,158,304**

(i) On 17 August 2017, Cashwerkz issued 49,665,196 shares for the acquisition of Cashwerkz. Refer Note 18(c).

(ii) On 17 August 2017, Cashwerkz issued 1,900,000 shares to entities associated with Brook Adcock and 1,350,000 shares to entities associated with Michael Hackett as director placements for initial funding.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity 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.

(b) Non-cash Financing and Investing Activities

Blue Ocean Equities were issued 1,133,333 options as part consideration for placement fees in respect of the 28 September 2018 share placement. The fair value of the options granted as reported in the Statement of Changes in Equity is $118,657.

Non-cash conversion of CRPS - refer Note 5(d).

(c) Options

There are 12,340,230 (2018: nil) options on issue at 30 June 2019.

(d) Capital Management

The group's debt and capital includes shares and financial liabilities, supported by financial assets. The group's capital is managed by assessing the group's financial risks and adjusting its capital structure in response to changes in those risks and in the market. Financial risk consideration includes the management of debt levels, distributions to shareholders and share issues. Given the recent volatility in financial markets and increased risks associated with high levels of gearing, the directors have elected to maintain low levels of borrowings. The strategy adopted to manage capital is consistent with prior years.

Cashwerkz Limited, Trustees Australia Limited, Rim Securities Limited and Cashwerkz Group Trust hold Australian financial services licences. Conditions of each licence authorisation, require each licensee to maintain a number of minimum financial standards as set out in Note 16(c): Commitments and Contingencies.

NOTE 15: RESERVES

NATURE AND PURPOSE OF RESERVES

Financial asset reserve
The financial assets reserve records revaluation of financial assets.

Common control reserve
Business combinations involving entities or businesses under common control are outside the scope of AASB 3: Business Combinations. A common control transaction took place on 17 August 2017 as part of the demerger of Jimmy Crow and has been accounted for using predecessor accounting, without the recognition of additional goodwill. The common control reserve represents the net assets acquired. Balances in the common control reserve relating to demerged entities and demerged assets and liabilities have been transferred to retained earnings.

Options reserve
The options reserve records items recognised as expenses on valuation of employee share options.

NOTE 16: COMMITMENTS AND CONTINGENCIES

(a) Trustee / Responsible Entity Obligations

Cashwerkz Limited acts as responsible entity for managed investment schemes registered with the Australian Securities and Investment Commission. A responsible entity is liable for limited obligations of its underlying trusts, and generally has a right of indemnity against the trusts' assets. These financial statements do not recognise such liabilities except to the extent that the group has committed a breach of fiduciary duty, or the extent that an underlying trust might have insufficient assets to settle its obligations. Such circumstances have not arisen. Cashwerkz has no obligation in respect of any borrowing or other liability of any trust for which it acts as responsible entity.

	2019	2018
	$	$
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
Not later than 12 months	305,219	295,494
Between 12 months and 5 years	378,277	532,207
Greater than 5 years	-	-
Present value of minimum lease payments	**683,496**	**827,701**

The group has 2 non-cancellable property leases. A summary of the leases is below:

Location	Term	Expiry	Payment	Increase	Option
Sydney	4 years	30 November 2021	Advance	4% p.a.	3 years
Brisbane	2 years	29 November 2020	Advance	3.75% p.a.	-

(c) AFS Licences

Cashwerkz Limited (Cashwerkz), Trustees Australia Limited, Rim Securities Limited and Cashwerkz Group Trust hold financial services licences under section 913B of the Corporations Act 2001. These are Licences 260033, 260038, 283119 and 459645 respectively.

As a condition of licence authorisation, each licensee is required to maintain a number of base level financial requirements and Cashwerkz has some additional financial requirements as a result of Responsible Entity services. All licence holders meet their financial requirements at 30 June 2019.

(d) Capital Expenditure Commitments

There are no capital expenditure commitments contracted for the year ended 30 June 2019.

(e) Other commitments

There are no other commitments for the year ended 30 June 2019.

(f) Other contingencies

There are no other contingencies for the year ended 30 June 2019.

NOTE 17: KEY MANAGEMENT PERSONNEL (KMP) INTERESTS

(a) Names and positions held of KMP in office at any time during the financial year are:

Name:	Position
Michael Hackett	Chairman
Nathan Leman	Director
Brook Adcock	Director
John Nantes	Director
Hector Ortiz	CEO

(b) KMP Compensation by Category

Refer to the Remuneration Report contained in the Directors Report for details of the remuneration paid or payable to each member of the group's KMP for the year ended 30 June 2019.

The totals of remuneration paid to KMP of the company and the group during the year are as follows, no other remuneration has been paid from that listed:

	2019	2018
	$	$
Short term	821,257	617,916
Post employment	46,676	39,856
Other long-term	6,045	12,881
Share-based payments	984,876	-
	1,858,854	**670,653**

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Further information in relation to KMP remuneration can be found in the directors' report.

NOTE 18: CONTROLLED ENTITIES

(a) Information about subsidiaries

The subsidiaries listed below have share capital consisting soley of ordinary shares. The proportion of ownership interests held by the Group. Each subsidiaries principle place of business is also its country of incorporation.

Particulars in relation to controlled entities	Principle place of business	Note	Class of Equity	2019 Percentage Owned	2018 Percentage Owned
Parent Entity:				%	%
Cashwerkz Limited	Brisbane, QLD	(i)(ii)			
Wholly Owned Controlled Entities					
Rim Securities Limited	Brisbane, QLD		ordinary	100	100
Trustees Australia Limited	Brisbane, QLD	(ii)	ordinary	100	100
Cashwerkz Technologies Pty Ltd	Sydney, NSW	(ii)(iii)	ordinary	100	100
Australian Share Registers Pty Ltd (dormant)	Brisbane, QLD		ordinary	100	100
Cashwerkz Group Trust (dormant)	Sydney, NSW	(ii)	units	100	100

The financial year of all controlled entities is the same as that of the holding company. All controlled entities are incorporated in Australia.

(i) The directors believe that the ultimate controlling entity of the group is Cashwerkz Limited.

NOTE 18: CONTROLLED ENTITIES (cont'd)

(ii) On 22 May 2019, the group announced it had changed the name of the ultimate holding company from Trustees Australia Limited to Cashwerkz Limited and adopted a new ASX ticker code of CWZ. WIth the renaming of the parent company, there were also changes to the names of subsidiaries, with Cashwerkz Pty Ltd changed to Cashwerkz Technologies Pty Ltd and Redgate Asset Management Limited renamed Trustees Australia Limited.

(b) Significant restrictions

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

On 17 August 2017, Cashwerkz Limited acquired 100% of the issued capital and control of the Cashwerkz Group Trust and Cashwerkz Technologies Pty Ltd for the issue of 49,665,196 ordinary shares. This acquisition formed part of the group's overall strategy of being fully focused on financial services and expanding its 'traditional' activities with new 'fintech' online transaction capabilities.

(c) Acquisition of subsidiary

The identifiable assets acquired and liabilities assumed on acquisition of Cashwerkz were as follows:

	2018
Purchase consideration:	$
Market value of CWZ ordinary shares issued	7,449,779
Less:	
Cash and cash equivalents	6,388
Trade and other receivables	243,881
Other assets	48,785
Property, plant and equipment	38,359
Intangible assets	10,361,364
Trade and other payables	(210,642)
Borrowings	(100,000)
Provisions	(86,970)
Identifiable assets acquired and liabilities assumed	**10,301,165**
Bargain purchase on acquisition	**2,851,386**

(d) Disposal of controlled entities

In the 2018 comparative, the demerger of Jimmy Crow Limited (Jimmy Crow) from Cashwerkz Limited (Cashwerkz) became effective 17 August 2017 and Jimmy Crow was listed as a separate standalone entity on the National Stock Exchange on 11 September 2017.

The demerger required Cashwerkz to undertake an internal corporate restructure prior to it becoming effective, and resulted in several entities becoming subsidiaries of Jimmy Crow prior to the demerger. In addition, a number of assets and liabilities were transferred between Cashwerkz and Jimmy Crow. (refer Note 5)

NOTE 19: RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH RELATED PARTIES

Related parties of Cashwerkz group are:

- controlled entities - refer Note 18.
- key management personnel and their associates - refer Note 17.
- director related entities - see below.

Entity with significant influence over the group

- Relevant interests associated with Director, Brook Adcock, own 33.92% (2018: 46.14%) of the ordinary shares in Cashwerkz at the date of this report.
- Relevant interests associated with the Chairman, Michael Hackett, own 13.68% (2018: 21.07%) of the ordinary shares in Cashwerkz at the date of this report.

NOTE 19: RELATED PARTY TRANSACTIONS (cont'd)

TRANSACTIONS WITH RELATED PARTIES

Director related entities

- Interests associated with Cashwerkz directors, Brook Adcock and Michael Hackett, converted 4,771,278 CRPS on issue to 23,856,390 fully paid ordinary shares on 24 December 2018. Included in the conversion amount was accrued interest on the CRPS of $213,039 (2018: $210,239).
- Nathan Leman is a director of Mikko Constructions Pty Ltd (Mikko). Mikko undertakes project management and IT establishment work for the group on a cost recovery basis. During the 2019 year, $38,750 (2018: $26,460) was paid by the group to Mikko. At 30 June 2019 the group owed Mikko $5,115 (2018: $1,705).
- John Nantes is a director of CJN Advisory Pty Ltd (CJN), who undertakes responsible manager and consulting services work for the group. During the 2019 year, $291,183 (2018: $171,919) was paid by the group to CJN and at 30 June 2019 the group owed CJN $16,500 (2018: $16,500).
- Nathan Leman is a director and Michael Hackett a former director of Jimmy Crow Limited (Jimmy Crow), who utilise the services of the Cashwerkz administration team on a cost recovery basis. During the 2019 year, $50,648 (2018: $57,496) was charged by the group to Jimmy Crow and at 30 June 2019 Jimmy Crow owed the group $5,581 (2018: $57,496).

Terms and conditions of transactions with related parties

Transactions with related parties are made at arm’s length at normal market prices and on normal commercial terms.

NOTE 20: SEGMENT INFORMATION

Management has detemined that the group operates in one reportable segment, being the financial services segment in Australia. Discontinued operations reported in the prior year relate to the demerged tourism and hospitality, property and investment segement.

NOTE 21: SHARE BASED PAYMENTS

During the year ended 30 June 2019, performance options were issued to employees and key management personnel under the Trustees Australia Long Term Incentive Plan (LTIP) and to a supplier as part consideration of their placement fee for the capital raise in September 2018.

(i) The group established the LTIP to motivate executives to strive to accelerate group performance and securityholder returns. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the group. The number available to be granted is determined by the board and is based on various performance measures.

(ii) On 10 August 2018, directors were issued 10,000,000 performance options. The options were issued for no consideration, had a vesting date of 31 December 2019, an exercise price of $0.29, a performance hurdle that Total Shareholder Returns (TSR) would increase to TSR Base by 50% for 5 consecutive Trading Days and are exercisable on or before 31 December 2019. On 20 August 2018 the performance hurdle was achieved and the 10,000,000 options vested.

For the year ended 30 June 2019, $870,870 has been recorded as equity settled share-based payments in employment expenses.

(iii) On 3 October 2018, employees were issued with 4,178,019 performance options. The options were issued for no consideration, had a vesting date of 30 June 2019, an exercise price of $0.29, a performance hurdle that $5 billion (passed through) and $4 billion (active) be on the Cashwerkz platform by 30 June 2019 and were exercisable on or before 30 June 2020. The performance hurdle was not met and accordingly the 4,178,019 were forfeited on 30 June 2019.

For the half-year ended 31 December 2018, $125,931 was recorded as equity settled share-based payments in employment expenses and at 30 June 2019 this has been reversed following the forfeiture of all options.

(iv) On 3 October 2018, Hector Ortiz (CEO) was issued with 1,206,897 performance options. The options were issued for no consideration, vested on issue for achievement of 2018 targets, have an exercise price of $0.29 and are exercisable on or before 30 June 2020.

For the year ended 30 June 2019, $114,006 has been recorded as equity settled share-based payments in employment expenses.

(v) Blue Ocean Equities were issued 1,133,333 options as part consideration for placement fees in respect of the 28 September 2018 share placement. The options were issued for no consideration and vested on issue. Details are below:

- 1,000,000 options - exercise price $0.30 and exercisable on or before 30 September 2021; and
- 133,333 options - exercise price $0.40 and exercisable on or before 30 September 2022.

For the year ended 30 June 2019, $118,657 has been recorded as transaction costs in equity.

NOTE 21: SHARE BASED PAYMENTS (cont'd)

(vi) The following performance options were granted to employees, key management personnel and suppliers to take up ordinary securities:

Grant Date	Number	Exercise Price	Vesting Date	Exercisable on or before
10 August 2018	4,000,000	$0.29	31 December 2019	31 December 2019
10 August 2018	2,000,000	$0.29	31 December 2019	31 December 2019
10 August 2018	2,000,000	$0.29	31 December 2019	31 December 2019
10 August 2018	2,000,000	$0.29	31 December 2019	31 December 2019
28 September 2018	1,000,000	$0.30	28 September 2018	30 September 2021
28 September 2018	133,333	$0.40	28 September 2018	30 September 2022
3 October 2018[1.]	4,178,019	$0.29	30 June 2019	30 June 2020
3 October 2018	1,206,897	$0.29	3 October 2018	30 June 2020

[1.] Forfeited on 30 June 2019.

A summary of movements of all options is as follows:

Balance at 30 June 2018	**-**
Granted	16,518,249
Forfeited	(4,178,019)
Cancelled	-
Balance at 30 June 2019	**12,340,230**

All options remain outstanding at the end of the period.

The total fair value of options granted during the period was $1,485,569. These values were calculated using a binomial option pricing model applying the following inputs:

Weighted average exercise price:	$0.30
Weighted average life of the options:	2.13 years
Expected share price volatility:	61.35%
Weighted average risk-free interest rate:	1.98%

Vesting subsequent to grant date is subject to the holder meeting specified performance criteria. The fair value of the options granted to employees and KMP is considered to represent the value of the employee services received over the vesting period. Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements. The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Options exercisable at 30 June 2019 total 12,340,230.

The weighted average remaining contractual life of 12,340,230 options outstanding at period end was 0.72 years. The weighted average exercise price of outstanding shares at the end of the reporting period was $0.30.

Included in employment expenses in the consolidated statement of profit or loss and other comprehensive income is $984,876 (2018: $nil) which relates to equity settled share-based payments.

(vii) Forfeited performance options

Options are forfeited if performance hurdles are not satisfied or after the holder ceases to be employed by the group, unless the board determines otherwise. During the year ended 30 June 2019, 4,178,019 were cancelled when the holders ceased to be employed or were forfeited as a result of a performance hurdle not satisfied.

(viii) Cancelled performance options

There were no cancelled performance options in the year ended 30 June 2019.

NOTE 22: EARNINGS PER SHARE

	2019 cents	2018 cents
From continuing and discontinued operations		
Loss per share	(5.4)	(2.9)
Diluted loss per share	(5.4)	(2.9)
From continuing operations		
Basic loss per share	(5.4)	(3.6)
Diluted loss per share	(5.4)	(3.6)
From discontinued operations		
Basic profit / (loss) per share	-	0.7
Diluted profit / (loss) pre share	-	0.7
Reconciliation of earnings to profit or loss		
Loss attributable to shareholders	(7,313,520)	(2,116,920)
Earnings used to calculate basic EPS	**(7,313,520)**	**(2,116,920)**

	Number of Shares	Number of Shares
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	136,532,871	76,066,616
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**136,532,871**	**76,066,616**

All options on issue are considered to be dilutive potential ordinary securities, however they are presently anti-dilutive at 30 June 2019 as the group is in losses.

	2019 cents	2018 cents
From continuing and discontinued operations		
Loss per share	(5.4)	(2.9)
Diluted loss per share	(5.4)	(2.9)
From continuing operations		
Basic loss per share	(5.4)	(3.6)
Diluted loss per share	(5.4)	(3.6)
From discontinued operations		
Basic profit / (loss) per share	-	0.7
Diluted profit / (loss) pre share	-	0.7
Reconciliation of earnings to profit or loss		
Loss	(7,313,520)	(2,116,920)
Loss attributed to minority equity interest	-	(210,239)
Earnings used to calculate basic EPS	**(7,313,520)**	**(2,327,159)**

	Number of Shares	Number of Shares
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	136,532,871	76,066,616
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**136,532,871**	**76,066,616**

All options on issue are considered to be dilutive potential ordinary securities, however they are presently anti-dilutive at 30 June 2019 as the group is in losses.

NOTE 23: FINANCIAL RISK MANAGEMENT

The group's principal financial instruments are set out below.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Notes	2019 $	2018 $
Financial assets			
Financial assets at amortised cost:			
Cash and cash equivalents	6	5,153,043	401,734
Trade and other receivables	7	380,650	363,451
Bonds and deposits	8	185,695	161,253
Total financial assets		**5,719,388**	**926,438**
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	11	311,641	512,099
Borrowings	12	-	4,003,239
Total financial liabilities		**311,641**	**4,515,338**

(a) Financial Risk Management Policies

The main purpose of the financial instruments listed is to provide finance for the group's operations when the board considers it appropriate. The group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. Risks arising from the group's financial instruments include interest rate risk, liquidity risk, share price risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. Overall these risks are considered to be minimal.

(i) Treasury Risk Management

The board considers financial risk exposure to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The overall risk management strategy seeks to assist the group in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are reviewed by the board when necessary. These include the use of credit risk policies and future cash flow requirements.

(ii) Financial Risk Exposures and Management

Interest rate risk

Interest rate risk arises where the group has financial instruments exposed to rate movements. This arises on bank balances and the group also has debt exposure. The group's exposure to cash flow interest rate risk is considered minimal.

Credit risk

Credit risk arises from the risk that a counterparty will default on its obligations to the group. The group trades only with parties that it believes to be creditworthy. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. Refer note 7 for comments on concentrations of credit risk within the group.

With respect to credit risk arising from the other financial assets of the group, which comprise cash and cash equivalents, available-for-sale assets and certain derivative instruments, the group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of those instruments. The group generally does not require third party collateral.

Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing surplus cash with appropriately regulated financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

NOTE 23: FINANCIAL RISK MANAGEMENT (cont'd)

(a) Financial Risk Management Policies (cont'd)

The table below presents maturity of the group's financial instruments. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates taking into consideration management expectations that group banking facilities will be extended.

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Borrowings	-	(4,003,239)	-	-	-	-	-	(4,003,239)
Trade & other payables	(311,641)	(512,099)	-	-	-	-	(311,641)	(512,099)
Total expected outflows	**(311,641)**	**(4,515,338)**	**-**	**-**	**-**	**-**	**(311,641)**	**(4,515,338)**
Financial assets - cash flows realisable								
Cash and cash equivalents	5,153,043	401,734	-	-	-	-	5,153,043	401,734
Bonds & deposits	185,695	161,253	-	-	-	-	185,695	161,253
Trade receivables and loans	380,650	363,451	-	-	-	-	380,650	363,451
Total anticipated inflows	**5,719,388**	**926,438**	**-**	**-**	**-**	**-**	**5,719,388**	**926,438**
Net (outflows) / inflows on financial instruments	**5,407,747**	**(3,588,900)**	**-**	**-**	**-**	**-**	**5,407,747**	**(3,588,900)**

(b) Net fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the group's financial instruments recognised in the financial statements.

		Carrying Amount		Fair Value	
	Footnote	2019	2018	2019	2018
		$	$	$	$
Financial assets					
Financial assets at amortised cost:					
Cash and cash equivalents	(i)	5,153,043	401,734	5,153,043	401,734
Trade and other receivables	(i)	380,650	363,451	380,650	363,451
Bonds and deposits	(i)	185,695	161,253	185,695	161,253
Total financial assets		**5,719,388**	**926,438**	**5,719,388**	**926,438**
Financial liabilities					
Financial liabilities at amortised cost:					
Trade creditors (excluding leave accruals)	(i)	311,641	512,099	311,641	512,099
Interest bearing liabilities	(ii)	-	4,003,239	-	4,003,239
Total financial liabilities		**311,641**	**4,515,338**	**311,641**	**4,515,338**

NOTE 23: FINANCIAL RISK MANAGEMENT (cont'd)

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

(ii) Fair values are determined using amortised cost.

(c) Contingencies

The company and certain controlled entities have potential financial liabilities that may arise from certain contingencies disclosed in Note 16: Commitments and Contingencies. As explained in that note, no material losses are anticipated in respect of any of those contingencies and the fair value disclosed above is the directors' estimate of amounts that would be payable by the group as consideration of the assumption of those contingencies by another party.

(d) Sensitivity Analysis

The group has performed sensitivity analysis relating to its exposure to interest rate and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

(i) Interest rate sensitivity analysis

At 30 June 2019, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2019	2018
Change in profit	**$**	**$**
- Increase in interest rate by 2.5%	128,826	(90,038)
- Decrease in interest rate by 2.5%	(128,826)	90,038
Change in equity		
- Increase in interest rate by 2.5%	(128,826)	90,038
- Decrease in interest rate by 2.5%	128,826	(90,038)

NOTE 24: AUDITOR'S REMUNERATION

The following total remuneration was received or is receivable by the auditor of Cashwerkz in respect of:

	2019	2018
	$	**$**
Audit and review of the financial statements[1.]	41,625	83,250
Non audit services	-	16,000

[1.] Included in the 2018 comparative are fees of $8,440 paid to the auditor of subsidiary Cashwerkz Technologies prior to acquisition.

NOTE 25: EVENTS AFTER THE BALANCE DATE

In the opinion of the Directors, there were no other material matters that have arisen since 30 June 2019 that have significantly affected or may significantly affect the group, that are not disclosed elsewhere in this report or in the accompanying financial statements.

The financial report was authorised for issue as at the date of the Directors Declaration.

Cashwerkz.

DIRECTORS' DECLARATION

For the year ended 30 June 2019

In accordance with a resolution of the directors of Cashwerkz Limited, the directors of the company declare that:

(a) the financial statements and notes to the financial statements of the company and of the group, as set out on pages 18 to 52, and the remuneration disclosures that are contained within the remuneration report with the Directors' Report set out on pages 10 to 14 are in accordance with the Corporations *Act 2001*, and:

  (i) give a true and fair view of the company's and group's financial position as at 30 June 2019 and of their performance for the year ended on that date; and

  (ii) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the Financial Statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

(b) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) the directors have been given the declarations required by s 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the board of directors.

Michael Hackett

Michael Hackett
Chairman

Brisbane
30 August 2019

Nexia Australia

Independent Auditor's Report to the Members of Cashwerkz Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cashwerkz Limited ("the Company" and its subsidiaries ("the Group")), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or 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 Cashwerkz Limited 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 2019 and of its financial performance for the year then ended; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report to the Members of Cashwerkz Limited (continued)

Key audit matter	How our audit addressed the key audit matter
Carrying value of acquired intangible assets - Software As disclosed in Note 9 of the financial report included in the groups consolidated statement of financial position as at 30 June 2019 is software relating to the acquisition of Cashwerkz with a carrying value of $8,413,274. The directors have assessed the recoverable amount of the software using a value in use analysis which incorporates significant judgement in respect of assumptions such as discount rates, successful retention of existing funds under management (FUM) and successful conversion of future FUM in conjunction with economic assumptions such as revenue growth and risk rates. We focused on this area as a key audit matter due to the judgement involved in forecasting future cash flows and the selection of assumptions.	With the assistance of Nexia valuation experts our procedures included, but were not limited to: • Evaluating the value in use discounted cash flow model developed by management to assess recoverable amount of the acquired software, including critically assessing the following assumptions: - Managements identification of the CGU; - Whether cash flow projections are based on reasonable and supportable assumptions; - Evaluated discount rates used by assessing the cost of capital and suitability of other risk premiums applied in the discounted cash flow by comparing them to market data and industry research; - Consider whether the pipeline of prospective customers was supported by corroborative evidence such as agreements for services and memorandums of understanding with forecasted customers, and - Consider whether managements allocation of corporate overheads was reasonable based on past performance. • Tested the mechanical accuracy of managements forecast and the discounted cash flow model; • Perform sensitivity analysis on a number of assumptions, including discount rates, growth rates and forecast profitability; • Assess alternative valuation techniques to support the value in use discounted cash flow model; and • Assess the appropriateness of the relevant disclosures in the financial statements.

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Independent Auditor's Report to the Members of Cashwerkz Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, 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 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 the 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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Independent Auditor's Report to the Members of Cashwerkz Limited (continued)

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in pages 10 to 14 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the remuneration report of Cashwerkz Limited, for the year ended 30 June 2019, complies with s 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Nexia Brisbane Audit Pty Ltd

Nexia Brisbane Audit Pty Ltd

Robertson

Ann-Maree Robertson
Director

Level 28, 10 Eagle Street
Brisbane QLD, 4000

Date: 30 August 2019

SHAREHOLDER INFORMATION

The following information was extracted from Cashwerkz's Register of Shareholders on 29 August 2019:

TWENTY LARGEST SHAREHOLDERS

		Fully Paid Shares	
		Shares Held	**% of Issued**
1	Adcock Private Equity Pty Ltd	53,260,538	33.31
2	Costine Pty Ltd	14,844,580	9.28
3	De Nantes Investment Co Pty Ltd	7,749,496	4.85
4	Arrakis Nominees Pty Ltd	7,500,000	4.69
5	BNP Paribas Nominees Pty Ltd	5,614,359	3.51
6	CS Third Nominees Pty Ltd	5,300,000	3.31
7	Evelyn Anderson ATF Extra Incentive Fund	4,921,559	3.08
8	National Nominees Limited	4,849,584	3.03
9	Jabane Pty Ltd	4,613,050	2.89
10	Prowerkz Pty Ltd	3,534,051	2.21
11	Merrill Lynch (Australia) Nominees Pty Limited	3,531,609	2.21
12	One Managed Investment Funds Limited	3,294,854	2.06
13	Gregory Yeatman	3,000,000	1.88
14	Mikko Constructions Pty Ltd	2,878,880	1.80
15	Ract Super Pty Ltd	2,500,000	1.56
16	Ronald and Rhonda Langley	2,500,000	1.56
17	G & N Nominees Services Pty Ltd	2,394,327	1.50
17	Myall Resources Pty Ltd	1,950,000	1.22
19	Elizabeth Mersh Superannuation Fund	1,877,962	1.17
20	Onmell Pty Ltd	1,495,192	0.94
	Total of Top Twenty Shareholdings	**137,610,041**	**86.07**
	Total Shares on issue	**159,881,719**	**100.00**

DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	Number of Shareholders	Total Units	%
1 - 1000	73	26,456	0.017
1,001 - 5,000	166	364,025	0.228
5,001 - 10,000	72	557,317	0.349
10,001 - 100,000	106	3,676,823	2.300
100,001 or greater	76	155,257,098	97.107
	493	**159,881,719**	**100.000**

MARKETABLE PARCELS

At 29 August 2019, using the last traded share price of $0.22 per share, there were 50 holdings totalling 9,722 shares, which were of less than a marketable parcel ($500).

VOTING RIGHTS

On a show of hands, every member present in person or by proxy or attorney or being a corporation by its authorised representative shall have one vote. On a poll, every member who is present in person or by proxy or attorney, or being a corporation, by its authorised representative, shall have one vote for every share of which he is the holder.

HOLDER OF RELEVANT INTEREST

The names of the substantial securityholders listed in the Group's register on 29 August 2019 are:

	Shares Held	Voting Power Advised
Brook Adcock and associated entities	54,239,679	33.92%
Michael Hackett and associated entities	21,867,593	13.68%

UNQUOTED SECURITIES

Options over unissued shares

At the date of this report, there are 12,340,230 options over unissued shares in Cashwerkz.

CORPORATE DIRECTORY

Board of Directors

Michael Hackett
Chairman

Brook Adcock
Director

Nathan Leman
Director

John Nantes
Director

Company Secretary

Jerome Jones
Company Secretary

Registered Office

Level 1, 200 Creek Street
Brisbane QLD 4000

Telephone: (07) 3020 3020
Facsimile: (07) 3020 3080
Email: shareholders@cashwerkz.com.au
Web: www.cashwerkz.com.au

Corporate Office

Level 1, 200 Creek Street
Brisbane QLD 4000

GPO Box 6
Brisbane QLD 4001

Telephone: (07) 3020 3020
Facsimile: (07) 3020 3080
Email: shareholders@cashwerkz.com.au
Web: www.cashwerkz.com.au

Share Register

Boardroom Limited
GPO Box 3993
Sydney NSW 2001

Telephone: 1300 737 760
Facsimile: (02) 9279 0664
Email: enquiries@boardroomlimited.com.au
Web: www.boardroomlimited.com.au

Auditor

Nexia Brisbane Audit Pty Ltd
GPO Box 1189
Brisbane QLD 4001

Telephone: (07) 3229 2022
Facsimile: (07) 3229 3277
Email: email@nexiabrisbane.com.au
Web: www.nexia.com.au

Stock Exchange

Cashwerkz is listed on the official List of the Australian Securities Exchange Limited (ASX). The ASX Code is “CWZ”.

Cashwerkz Limited
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