Australian Bond Exchange Holdings Ltd

ABN 11 629 543 193

Consolidated Financial Statements

For the Year Ended 30 June 2020

Australian Bond Exchange Holdings Ltd

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Contents

For the Year Ended 30 June 2020

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Directors' Report

30 June 2020

The directors present their report, together with the financial statements of the Group, being Australian Bond Exchange Holdings Limited ("the Company") and its controlled entities, for the financial year ended 30 June 2020.

1. General information

Directors

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

Names	Position	Appointed/Resigned
Bradley McCosker	Managing Director	
Allan Farrar	Non-Executive Director	
Michael Vanderdonk	Director	
John McMurdo	Non-Executive Director	Appointed 26 September 2019 Resigned 7 February 2020
Michael Shepherd	Non-Executive Director/Chairman	Appointed 26 September 2019 Resigned 10 June 2020

Directors have been in office during the whole of the financial year until the date of this report, unless otherwise stated.

Board and Board Committee Meetings and Attendance

The number of meetings of the Board of Directors (the Board) and of the Committees of the Board and the individual attendance by Directors at those meetings which they were eligible to attend, during the financial year, is summarised in the table below. CAR Committee refers to the Compliance Audit & Risk Committee.

	Board Meetings (1)	CAR Committee Meetings (1)
No. of meetings	**9**	**4**
Allan Farrar	9/9	4/4
Bradley McCosker	9/9	4/4
Michael Vanderdonk	9/9	n/a
John McMurdo	4/4	n/a
Michael Shepherd	5/5	n/a

(1) Number of meetings attended by the member / total number of meetings eligible to attend as a member.

Principal activities

Australian Bond Exchange Holdings Ltd ("ABEH") is the holding company of various controlled entities ("ABE Group"). The main operating entity is Australian Bond Exchange Pty Ltd ("ABEPL") which provides fixed income advice and dealing services in Australian dollar denominated corporate and government bonds.

The principal activities of the ABE Group during the financial year was the development of a bond trading and settlement system and method, and operating as a specialist fixed income dealer and broker. ABEPL owns and operates the fixed income portal www.bondexchange.com.au.

ABEPL holds Australian Financial Services License No. 484453 issued by the Australian Securities and Investments Commission ("ASIC") to provide financial product advice and deal in basic deposit products, deposit products other than basic deposit products, debentures, stocks or bonds issued by a government, managed investment schemes, and securities and also to provide custodial or depository services to wholesale and retail clients.

2. Operating results and review of operations for the year

Operating results

The consolidated loss of the Group amounted to $ 864,144 (2019: loss of $ 3,590,166).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review of operations

During the 2020 financial year, ABEPL continued business as a specialist fixed income adviser and dealer in Australia. ABEPL's strategy for the 2020 financial year was to further develop its customer discovery activities, build out the trading platform and protect the intellectual property involved in those activities.

With the emergence COVID-19, the Group has quickly adapted to the changing environment in relation to the impact on its staff, customers and business activities and continues to operate on a reduced presence with only limited impact on the business.

Operations were largely unaffected, with all data available on the cloud, and those working from home had, in most cases, all the same access as if they were in the office. Daily zoom meetings were established with the entire team which allowed management to maintain oversight of staff activities regardless of location.

Financial Position

The net assets of the Group at 30 June 2020 are $2,263,150 (2019: $1,525,054).

The Directors believe that ABEH is in a stable financial position to expand and grow its current operations.

Iress integration

In March 2020, ABE released phase 2 integration with IRESS into production. This provides brokers with the ability to view real-time pricing data and directly place execution orders, making the process of researching, tracking and trading corporate bonds similar to trading shares online. This integration continues the ongoing partnership to provide access for IRESS users to OTC bonds.

IRESS' global network provides access to over 150 global markets, supports over 12,000 trading and market data users and 100,000 XPLAN users, and carries order flow of more than $A42 million trades processed per week.

The board expects revenues from IRESS integration to occur in FY 2021.

Significant changes in state of affairs

On 3rd July 2019 the remaining 1,000,000 converting notes in ABEPL were converted to 1,666,667 Ordinary Shares in ABEH in accordance with the agreements executed. Refer to Note 3(b)

Apart from the above, there have been no other significant changes in the state of affairs of the Company during the year.

2. Operating results and review of operations for the year continued

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

The only other likely developments in the operations of the Group at the date of this report involve a potential Initial Public Offering by the Group.

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Options and employee share schemes

No options granted or outstanding

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Employee Loan Funded Share Plan (ELFSP)

The Board has determined no shares will be committed for issue under the Employee Loan Funded Share Plan until after the Company's shares are quoted on a recognised Securities exchange.

Auditor

There are no former partners or Directors of the Company's auditors or former auditors, who are, or were at any time during the financial year, an officer of the Company.

Beneficial Interests in the Shares of the Company and Related Bodies Corporate

As at the date of this report, the beneficial interests of the Directors and their associates in the shares of Australian Bond Exchange Holdings Limited were:

Shareholder/Related Party (Director)	Number of Ordinary Shares
Fieldrock Pty Limited (Bradley McCosker)	51,919,996
Toach Pty Limited (Michael Vanderdonk)	7,417,142
Anex Industrial Corporation Pty Ltd/Allan Farrar (Allan Farrar)	7,501,475

Transactions with Key Management Personnel

The transactions with Key Management Personnel are further detailed in Note 25.

Indemnification and insurance of officers and auditors

During the financial year ABEH entered into agreements under a policy of insurance which includes indemnification of all Directors of the Company named in this report and current officers of the Company against all liabilities to persons (other than the Company), which arise out of the performance of their normal duties as a Director or an officer.

The premium paid for this insurance was $62,000.

Under ABEH's Constitution, ABEH indemnifies all past and present Directors and Secretaries of ABEH (including at this time the Directors named in this report and the Secretaries), against certain liabilities and costs incurred by them in their respective capacities. The indemnity covers the following liabilities and legal costs:

(a) any liability incurred by the person in that capacity (except a liability for legal costs);
(b) legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity; and
(c) legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties as an officer of the Company or a subsidiary, if that expenditure has been approved in accordance with the Company's policy,

except to the extent that:

(d) the Company is forbidden by law to indemnify the person against the liability or legal costs; or
(e) an indemnity by the Company of the person against the liability or legal costs, if given, would be made void by law.

ABEH has also entered into a Deed of Access, Indemnity, Insurance and Disclosure (Deed) with each of the Directors and Secretaries. Under the Deed, ABEH agrees to indemnify the Directors and Secretaries against:

(a) all liabilities incurred by the Director or Secretary as an Officer of ABEH and each Subsidiary; and all legal costs and other costs and expenses that arise as a consequence of being or of having been an Officer of ABEH or a Subsidiary

Proceedings on behalf of company

No leave or proceedings

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial year

Auditor's independence declaration

The auditors independence declaration is in accordance with Section 307C of the Corporations Act 2001 for the year ended 30 June 2020 has been received and can be found on page 6 of this financial report.

Directors' Report
30 June 2020

Non-Audit Services

The Board of Directors 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. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- 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

- 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 and Ethical Standards Board.

The following fees were paid or payable to the external auditors and its related practices for non-audit services provided during the year ended 30 June 2020:

	2020	2019
	$	$
Preparation of Investigating Accountant's Report	**18,512**	21,000

Signed in accordance with a resolution of the Board of Directors:

Director: ....
Bradley McCosker

Director: ....
Allan Farrar

Dated this 20th day of August 2020

Auditor's Independence Declaration under Section 307C of the Corporations Act to the Directors of Australian Bond Exchange Holdings Ltd

As lead auditor of Australian Bond Exchange Holdings Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Bond Exchange Holdings Ltd and the entities it controlled during the year.

Michael Goodrick

Michael Goodrick

Partner

Stanley & Williamson

Sydney

20 August 2020

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

KRESTON

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Partners **MA Goodrick** > **DM O'Malley** > **Q Tat** > **BR Barter** > **K Thakkar**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue	5	**2,137,196**	1,291,683
Other income	5	**295,454**	322,943
Employee benefits expense		**(1,026,736)**	(786,732)
Brokerage costs		**(1,387,886)**	(795,567)
Depreciation and amortisation expense		**(3,634)**	(2,617)
Other expenses	6	**(878,538)**	(603,499)
Corporate transaction expense	4	**-**	(2,719,000)
Finance costs	6	**-**	(240,720)
Loss before income tax		**(864,144)**	(3,533,509)
Income tax expense	7	**-**	(56,657)
Loss for the year		**(864,144)**	(3,590,166)
Other comprehensive income, net of income tax		**-**	-
Total comprehensive income for the year		**(864,144)**	(3,590,166)

The accompanying notes form part of these financial statements.

Australian Bond Exchange Holdings Ltd
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Consolidated Statement of Financial Position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	**1,970,379**	3,032,051
Trade and other receivables	9	**411,793**	672,981
Other assets	12	**136,718**	130,107
TOTAL CURRENT ASSETS		**2,518,890**	3,835,139
NON-CURRENT ASSETS			
Property, plant and equipment	10	**8,071**	7,430
Intangible assets	11	**773,507**	517,171
TOTAL NON-CURRENT ASSETS		**781,578**	524,601
TOTAL ASSETS		**3,300,468**	4,359,740
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**511,950**	686,791
Borrowings	14	**-**	1,666,673
Employee benefits	27	**525,368**	481,222
TOTAL CURRENT LIABILITIES		**1,037,318**	2,834,686
NON-CURRENT LIABILITIES		**-**	-
TOTAL LIABILITIES		**1,037,318**	2,834,686
NET ASSETS		**2,263,150**	1,525,054
EQUITY			
Issued capital	15	**6,842,384**	5,240,144
Retained earnings		**(4,579,234)**	(3,715,090)
Total equity attributable to equity holders of the company		**2,263,150**	1,525,054
TOTAL EQUITY		**2,263,150**	1,525,054

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Note	Ordinary Shares $	Retained Earnings $	Total $
Balance at 1 July 2019		5,240,144	(3,715,090)	1,525,054
Loss attributable to members of the parent entity		-	(864,144)	(864,144)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	(864,144)	(864,144)
Transactions with owners in their capacity as owners				
Shares issued to Noteholders	15	1,666,667	-	1,666,667
Capital Raising Costs		(64,427)	-	(64,427)
Balance at 30 June 2020		6,842,384	(4,579,234)	2,263,150

2019

	Note	Ordinary Shares $	Retained Earnings $	Total $
Balance at 1 July 2018		200,000	(124,924)	75,076
Loss attributable to members of the parent entity		-	(3,590,166)	(3,590,166)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	(3,590,166)	(3,590,166)
Transactions with owners in their capacity as owners				
Shares issued to Noteholders	15	5,133,327	-	5,133,327
Capital Raising Costs		(93,183)	-	(93,183)
Balance at 30 June 2019		5,240,144	(3,715,090)	1,525,054

The accompanying notes form part of these financial statements.

Australian Bond Exchange Holdings Ltd

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Consolidated Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**53,033,906**	18,929,214
Payments to suppliers and employees		**(53,843,469)**	(17,897,969)
Interest received		**13,663**	40,493
Grants received		**54,290**	-
Net cash provided by/(used in) operating activities	26	**(741,610)**	1,071,738
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for intangible assets		**(242,959)**	(252,876)
Purchase of property, plant and equipment		**(4,275)**	(77)
Net cash provided by/(used in) investing activities		**(247,234)**	(252,953)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of transaction costs		**(72,828)**	(78,402)
(Repayment of)/proceeds from borrowings		**-**	(20,000)
Net cash provided by/(used in) operating activities		**(72,828)**	(98,402)
Net increase/(decrease) in cash and cash equivalents held		**(1,061,672)**	720,383
Cash and cash equivalents at beginning of year		**3,032,051**	2,311,668
Cash and cash equivalents at end of financial year	8	**1,970,379**	3,032,051

The accompanying notes form part of these financial statements.

The consolidated financial report covers Australian Bond Exchange Holdings Ltd ("ABEH" or 'The Company') and its controlled entities ('the Group'). Australian Bond Exchange Holdings Ltd is a for-profit proprietary Company, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 20 August 2020.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Corporations Act 2001.

These financial statements comply with International Financial Reporting Standards ('IFRS'), as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 23 to the financial statements.

Subsidiaries

Subsidiaries are all entities over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

2 Summary of Significant Accounting Policies continued

(a) Basis for consolidation continued

Reverse Acquisition and Comparative Information

Australian Bond Exchange Holdings Limited ("ABEH" or "the Company") completed the legal acquisition of Australian Bond Exchange Pty Ltd ("ABEPL") on 26 June 2019.

ABEPL (the legal subsidiary) was deemed to be the acquirer for accounting purposes as it had obtained control over the operations of the legal acquirer ABEH (the accounting subsidiary). Accordingly, the consolidated financial statements of ABE Group have been prepared as a continuation of the financial statements of ABEPL. ABEPL (as the deemed acquirer) has accounted for the acquisition of ABEH from 26 June 2019.

ABEPL is considered to be the parent for accounting purposes, and these consolidated financial statements represents a continuation of the financial statements of ABEPL, with the exception of the capital structure.

The results for the year ended 30 June 2020 comprise the results for the full year of ABEH. Similarly, the statement of of cash flows and statement of changes in equity reflect the movements in cash flow and changes in equity of ABEH.

The comparative information presented comprise the results for the full year of ABEPL and the results of ABEH subsequent to the acquisition. Similarly, the statement of cash flows and statement of changes in equity reflect the movements in cash flow and changes in equity of ABEPL for the year and the results of ABEH subsequent to the acquisition.

(b) Change in Accounting Policy

Leases - Adoption of AASB16

The Group changed its accounting policy further to the adoption of AASB 16 Leases which has been applied from 1 July 2019.

The Group's policy is to adopt AASB 16 retrospectively from 1 July 2019, but not restate comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

The aggregate effect of the change in accounting policy on the financial statements for the year ended 30 June 2020 was not material, and did not result in any changes to the opening balance sheet on 1 July 2019.

(c) Income Tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

2 Summary of Significant Accounting Policies continued

(c) Income Tax

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Tax Consolidation

ABEH and its wholly owned subsidiaries elected to form a tax consolidated group on 1 July 2018. On 26 June 2019, ABEPL was acquired by ABEH at which time ABEPL and its wholly owned subsidiaries joined the ABEH tax consolidated group.

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These amounts are measured using the 'stand-alone-taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity. Refer to Note 29.

(d) Revenue and other income

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

2 Summary of Significant Accounting Policies continued

(d) Revenue and other income

Specific revenue streams

The Group recognises revenue from the following major sources:

Securities trading income

The Group operates as a fixed income dealer trading in bonds whereby the Group (trading as principal) sells bonds to, or buys from, its clients and the fixed income market. Securities trading income or loss is recognised on the trade date as earned being when performance obligations are met.

Net fees on securities trading

Net fees on securities trading represents revenue from securities trades net of any fees attributable to the party acting, on behalf of the Group, as Principal in the arrangement.

Commission income

The Group facilitates the investment by its clients direct into bonds. Revenue from bonds is received in the form of brokerage commission. Commissions are recognised upon completion of a brokerage transaction.

Arrangement fees

The Group arranges the primary issue of bonds and bespoke financial facilities for corporate and other issuers. Revenue for arranging corporate bonds and financing facilities can be generated as an arrangement fee on issuance of a bond or establishment of a financing facility and as an ongoing management fee. The arrangement fee on issuance of the bond is recognised on the issuance date as that is the completion of the most significant act. The arrangement fee on a financing facility is recognised when the Group has completed its obligations to establish the facility.

Other income

Other income includes any revenue from operating activities other than those described above and arising from activities incidental to the principal business activities of the Group. Other income is recognised on an accruals basis when the Group is entitled to it. Coupon income for bonds held for sale is recognised as other income when the right to receive payment is established.

Financial assets and liabilities held at fair value through profit or loss.

At initial recognition, the Group measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are recognised as an expense in the statement of comprehensive income. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets and financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

Finance income

Finance income received by the Group is for interest on bank deposits. Interest income for bank deposits is recognised when earned.

2 Summary of Significant Accounting Policies continued

(e) Leases

For Comparative year

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

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

For Current year

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or the remeasurement is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to the Financial Statements
For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies continued

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(f) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(g) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(h) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured using the cost model.

Property, plant and equipment is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Computer Equipment	4 years

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

2 Summary of Significant Accounting Policies continued

(i) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss FVTPL
- fair value through other comprehensive income, equity instrument (FVOCI equity)
- fair value through other comprehensive income, debt investments (FVOCI debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

2 Summary of Significant Accounting Policies continued

(i) Financial instruments

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision.

To measure the expected credit losses, financial assets have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision incorporates forward looking information.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables and borrowings.

(j) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

2 Summary of Significant Accounting Policies continued

(j) Impairment of non-financial assets

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(k) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

The Statement of Cash Flows is prepared on the basis of the following basis:

- Where a Group acts as a Principal, the cash flow receipts and payments in relation to the settlement of trades are recorded gross and in line with the revenue recognition policy for *Securities trading income* as described in Note 2(d);
- Where the Group does not act as a Principal, the cash flow receipts and payments in relation to the settlement of trades are recorded net and in line with the revenue recognition policy for *Net fees on securities trading* as described in Note 2(d).

(l) Trade and other receivables

Trade receivables include amounts due from securities trading activities performed in the ordinary course of business and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are normally collected within two days of the trade date and are classified as current assets.

Other operating receivables include amounts due from customers for services performed in the ordinary course of business. Other operating receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other operating receivables are classified as non-current assets.

Other receivables are initially recognised at cost. Other receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(m) Dividends

The practice of the Group is to make payment within three days of declaring a dividend and therefore a provision would only be made if the dividend was declared prior to the end of the reporting period but not distributed at the end of the reporting period.

(n) Intangible Assets

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have an indefinite useful life and are carried at cost less impairment losses.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies continued

(n) Intangible Assets

Software and software development costs

Software is stated at historical cost less amortisation. In the event the carrying amount of computer software is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in the statement of profit or loss and other comprehensive income. 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 Group and the cost of the item can be measured reliably. All other maintenance costs are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Costs associated with maintaining software programs are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets 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 development costs include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. The amortisable amount of all software is amortised over the asset's useful life to the Group commencing from the time the asset is held ready for use, resulting in depreciation rates that are determined once development is completed and useful lives have been appropriately assessed.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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 included in the statement of profit or loss and other comprehensive income.

Impairment

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

2 Summary of Significant Accounting Policies continued

(n) Intangible Assets

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.
Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(o) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The Group has in place a variable remuneration plan whereby eligible employees are paid a variable component of salary according to specified performance targets, and if compliant with the Group's core values and principles. The liability for the variable remuneration plan is expected to be wholly settled within one month after the end of the period in which the employee renders the related service and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term benefit obligations

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to the expected future wage and salary levels, expected employment departures and periods of service. Expected future payments are discounted using the Australian corporate bond discount rate curve as at the end of the reporting period. The obligations are presented as current liabilities in the balance sheet if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Share-based compensation benefits are provided to employees under the Group's Employee Loan Funded Share Plan ("ELFSP"). There was no issue under the employee share plan during the reporting period. Under the ELFSP, shares issued by the Group to employees with a nonrecourse loan may vest immediately on issue date. On this date, the fair value of the share-based payment is recognised as a share-based payments expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the share-based payment arrangement.

(iv) Bonuses

The Group may pay a discretionary bonus to eligible employees based on the Group's financial performance for the financial year and the performance of the individual over that same period. The liability for bonus payments is recognised as an employment benefit expense when the Group has an obligation to make such a payment and only when a reliable estimate of the obligation can be made.
The Group recognises a liability and expense for bonuses based in accordance with the plan formula and attributes the benefit on a straight-line basis for the relevant service period from the date when service by the employee first leads to benefits until the date when further service by the employee will lead to no material amount of further benefits.

2 **Summary of Significant Accounting Policies continued**

(p) 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.

(q) Trade and other payables

Trade payables represent the liabilities outstanding at the end of the reporting period for securities trading activities performed in the ordinary course of business during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within two working days of recognition of the liability. They are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Sundry payables and accrued expenses represent the liabilities at the end of the reporting period for unbilled amounts for goods and services provided by suppliers and authorities and are expected to be paid within 12 months.

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 remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(r) Foreign currency transactions and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;

- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and

- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

(s) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 1 July 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

2 Summary of Significant Accounting Policies continued

(t) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The below summarises those future requirements, and their impact on the Group where the standard is relevant:

AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
The amendments refine the definition of material in AASB 101 to clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material. This amendment is to apply to financial years commencing on or after 1 January 2020. The Group is expected to adopt this standard for the annual reporting period ending 30 June 2021. The directors have determined the impact of the adoption of the above standard does not have a material impact on the financial statements.

AASB 2019 – 5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

No change to policy, this standard confirms that entities who provide an IFRS compliance statement in their financial statements should consider standards issued by IASB which have not yet been issued in Australia. This amendment is to apply to financial years commencing on or after 1 January 2020. The Group is expected to adopt this standard for the annual reporting period ending 30 June 2021. The directors have determined the impact of the adoption of the above standard does not have a material impact on the financial statements.

3 Critical Accounting Estimates and Judgments

The preparation of financial statements requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving significant estimates and judgements are:

(a) Key judgments - reverse acquisition

The accounting for reverse acquisitions using the principles and guidance contained in AASB 3 Business Combinations has been determined a key judgement. Refer to Note 4 for further details.

(b) Converting notes

The Group issued Converting Notes as detailed in Note 14 to this financial report.

On 28 June 2019 (3,080,000) and 3 July 2019 (1,000,000) Converting Notes were converted to Ordinary Shares at the proposed initial public offering price of $1.00 per share.

The conversion rates include a discount feature which, in the event that the ordinary shares are issued under the initial public offering at a lower price than $1.00 per share, give rise to a further issue to the former converting noteholders to give effect to the shares being issued to them reflecting the relevant discount to the initial public offering price.

The above conditions and other terms attached to the Converting notes caused the Converting notes, until conversion, to be treated as a financial liability, classified as borrowings in accordance with the requirements of the Accounting Standards.

3 Critical Accounting Estimates and Judgments continued

(c) Impact of Coronavirus (COVID-19)

Background

The spread of novel coronavirus (COVID-19), a respiratory illness caused by a new virus, was declared a public health emergency by the World Health Organisation in January 2020 and upgraded to a global pandemic in March 2020. This pandemic has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening.

Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Group has considered the effects of these events based on the information at the date of issuing this financial report and potential effects of business and other market volatility in preparing its financial statements.

Impact and considerations for the financial statements / report of the Group

The Group has determined that the financial position and performance of the Group will not be significantly or materially impacted by COVID-19 when considering the nature of the Group's operations, customer and supplier base, and levels of activity to date. In particular:

- The Group has considered the appropriateness of the carrying value of intangible assets, the need to assess the financial position of any clients and the carrying value of any financial assets reflected in the financial statements. Our review of these factors did not identify any material indicators of impairment to the carrying value of assets.

- The Group has prepared projected cash flow information for the ensuing twelve months from the date of approval of these financial statements taking into consideration the estimation of the continued business impacts of COVID-19

- The Directors and management reviewed forecasts and sensitivities, in response to examination of ongoing data analysis and considers it likely that there will be limited impact but continue to monitor ongoing developments

- In response to the uncertainty arising from COVID-19 the Directors have considered potential downside forecast scenarios. These forecasts indicate that, taking account of reasonably possible downsides, the Group is expected to continue to operate, with headroom, within available cash levels. Key to the forecasts are relevant assumptions regarding the business, business model, any legal or regulatory restrictions and financing

- The Directors have remained focused on the Group's liquidity, and expect to manage business operations in the forecast period whilst maintaining adequate liquidity through the execution of:
  - new financing options proposed to the Group, if required; and
  - Deferral or suspension of non-critical or discretionary operating and capital expenditure

- The Group has considered whether there has been any change to customer base risk profiles but has formed the view that there has been relatively little change but note that due to the uncertainty in the financial markets there has been some change in customer behaviour to which management continues to respond

- The Group has also considered whether COVID-19 has changed the risk profiles of some of the companies which our clients invest and consider it likely that there may be some special resolutions preferred to change or adjust bond covenants to allow these companies to continue to trade without breaching these covenants. We continue to investigate and examine these changes in the best interests of our clients.

3 Critical Accounting Estimates and Judgments continued

(c) Impact of Coronavirus (COVID-19) continued

As part of assessing any material financial impact to these financial statements, management has also prepared deliberately prudent cash flow models for the purposes of its going concern and impairment assessments.
The Directors and Management have concluded based on these assessments that the going concern basis is appropriate and there are no indicators of impairment to the Group's assets.

Given the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Group's assets and liabilities may arise in the future.

Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

4 Business Combinations

Reverse acquisition

On 26 June 2019, the parent Company, Australian Bond Exchange Holdings Limited ("ABEH") executed an exchange deed whereby pursuant to which it has agreed to acquire 100% interest in Australian Bond Exchange Pty Limited ("ABEPL") being an AFS licensed adviser and dealer of corporate bonds for both wholesale and retail clients incorporated in Australia. The acquisition was settled through the issue of 74,171,422 ordinary shares to the existing shareholders of ABEPL.

The General Meeting of ABEH shareholders to approve the Acquisition and all related resolution was held on 26 June 2019

Under the principles of Australian Accounting Standard AASB 3 *Business combinations*, the acquisition was accounted for with reference to the guidance for reverse acquisitions. At the time of the Company's acquisition of ABEPL, ABEH's operations did not fall within the scope of a "business" under AASB 3. Consequently, the acquisition did not meet the definition of a "business combination" under AASB 3 and the principles of AASB 3 could not be applied in their entirety.

The application of this guidance determined that whilst ABEH will be the legal acquirer of ABEPL, ABEPL was treated as the accounting acquirer and ABEH as the accounting acquiree.

ABEPL (the legal subsidiary) was deemed to be the acquirer for accounting purposes as it had obtained control over the operations of the legal acquirer ABEH (the accounting subsidiary). Accordingly, the consolidated financial statements of ABEH were prepared as a continuation of the consolidated financial statements of ABEPL. ABEPL (as the deemed acquirer) accounted for the acquisition of ABEH from 26 June 2019.

ABEPL was considered to be the parent for accounting purposes, and the consolidated financial statements for the year ended 30 June 2019 represent a continuation of the financial statements of ABEPL, with the exception of the capital structure. The results for the year ended 30 June 2019 comprise the results for the full period of ABEPL and the results of ABEH subsequent to the acquisition. Similarly, the statement of cash flows and statement of changes in equity reflect the movements in cash flow and changes in equity of ABEPL for the full year ended 30 June 2019 and the results of ABEH subsequent to the acquisition.

4 Business Combinations continued

Reverse acquisition

Further, the Acquisition was accounted for as a share-based payment transaction using the principles set out in Australian Accounting Standard AASB 2 *Share Based Payments,* whereby ABEPL was deemed to have issued shares to shareholders of ABEH in exchange for the net assets and terms of the exchange deed of ABEH which include the assumption and conversion of the converting notes of ABEPL into the shares of ABEH. In accordance with AASB 2, the difference between the fair value of the deemed consideration paid by ABEPL and the fair value of the identifiable net assets of ABEH, is required to be recognised as an expense.

This therefore resulted in a corporate transaction expense of $2,719,000 being recognised for the year ended 30 June 2019 as set out below.

	Acquiree's carrying value $	Fair value $
Deemed purchase consideration		
Fair value of shares transferred in FY2019 (transferred on June 28, 2019)		5,133,327
Fair value of shares due to be transferred (transferred on July 3, 2019)		1,666,673
Assets and liabilities acquired		
Net assets	**(1,000)**	(1,000)
Converting notes	**(4,080,000)**	(4,080,000)
Corporate transaction accounting expense		2,719,000

5 Revenue and Other Income

Revenue from continuing operations		2020 $	2019 $
Sales revenue			
- Securities trading income		**201,468**	177,311
- Net fees on securities trading	(a)	**1,793,659**	1,008,140
- Commission income		**142,069**	106,232
		2,137,196	1,291,683
Other Income			
- Interest received		**13,663**	40,530
- Other Income		**13,861**	16,559
- R&D refundable tax rebate		**193,782**	265,854
- Cash flow boost grant income		**29,148**	-
- Job keeper grant income		**45,000**	-
		295,454	322,943
Total Revenue and Other Income	(b)	**2,432,650**	1,614,626

(a) Gross fees from securities trading was $2,328,675 (2019: $1,344,186) for the period. Fees attributed to the principal of the arrangement acting on behalf of the Group was $535,016 (2019: $336,046), leaving Net fees on securities trading of $1,793,659 (2019: $1,008,140).

(b) Total Gross Revenue and Other Income when including gross fees from securities trading per (a) above is $2,967,666 (2019: $1,950,672).

6 Results for the year

	2020 $	2019 $
- other finance costs	-	240,720
Total finance costs	-	240,720

The result for the year includes the following specific expenses:

	2020 $	2019 $
Other expenses:		
Rent paid	111,665	94,354
Advertising	65,614	75,447
Administration and management fees	41,258	42,775
Legal and professional fees	140,898	61,180
Insurance	84,805	13,581
Accounting fees	130,596	82,272
Research fees	-	25,000
IT	200,720	133,810

7 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2020 $	2019 $
Current tax expense		
Local income tax - current period	-	-
Deferred tax expense/(benefit)	-	56,657
Income tax expense/(benefit) for continuing operations	-	56,657

Notes to the Financial Statements

For the Year Ended 30 June 2020

7 Income Tax Expense

(b) Reconciliation of income tax to accounting profit:

	2020 $	2019 $
Profit	**(864,144)**	(3,533,509)
Tax	**27.50%**	27.50%
	(237,640)	**(971,715)**
Add:		
Tax effect of Non Deductible Expenses:		
- R&D Expenses	122,262	168,068
- Cost of converting notes issue	-	88,264
- Non-deductible super payment	-	3,135
- Non-deductible fines	733	-
- Corporate transaction accounting expense	-	747,725
	(114,645)	35,477
Less:		
Tax effect of Non-Assessable Income:		
- Unrealised income	-	(6,492)
- Other income (refundable R&D tax offset)	53,184	73,109
- Other income (Grant income cash flow boost)	8,016	-
Tax losses not recognised	(175,845)	(87,797)
Income tax expense	-	56,657
Weighted average effective tax rate	-	2%

8 Cash and Cash Equivalents

	2020 $	2019 $
Cash at bank and in hand	**1,970,379**	3,032,051
	1,970,379	3,032,051

Cash and cash equivalents do not include the amount of $398,197 (June 2019: $509,841) held in client trust accounts at 30 June 2020.

9 Trade and Other Receivables

	Note	2020 $	2019 $
CURRENT			
Trade receivables		**177,839**	372,237
Provision for impairment	(a)	-	-
		177,839	372,237
GST receivable		**25,558**	34,890
ATO Job Keeper receivable		**15,000**	-
R&D tax rebate receivable		**193,396**	265,854
Total current trade and other receivables		**411,793**	672,981

9 Trade and Other Receivables continued

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

(a) Impairment of receivables

The Group applies the simplified approach to providing for expected credit losses 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 loss allowance provision as at 30 June 2020 is determined as follows, the expected credit losses incorporate forward looking information.

The receivable balance of $177,839 is current, with a nil expected credit loss provision.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience. Trade receivables are normally collected within two days and to date the company has not written off any receivable balances and all money owing has been fully recovered.

10 Property, plant and equipment

	2020 $	2019 $
PLANT AND EQUIPMENT		
Computer equipment at cost	**14,717**	10,442
Accumulated depreciation	**(6,646)**	(3,012)
Total computer equipment	**8,071**	7,430
Total property, plant and equipment	**8,071**	7,430

(a) Movements in Carrying Amounts

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

	Computer Equipment $	Total $
Year ended 30 June 2020		
Balance at the beginning of the year	**7,430**	7,430
Additions	**4,275**	4,275
Depreciation expense	**(3,634)**	(3,634)
Balance at the end of the year	**8,071**	8,071
Year ended 30 June 2019		
Balance at the beginning of the year	**9,970**	9,970
Additions	**77**	77
Depreciation expense	**(2,617)**	(2,617)
Balance at the end of the year	**7,430**	7,430

Notes to the Financial Statements

For the Year Ended 30 June 2020

11 Intangible assets

	2020 $	2019 $
Software Development costs	**771,307**	514,971
Logo cost	**2,200**	2,200
Total Intangibles	**773,507**	517,171

(a) Movements in carrying amounts of intangible assets

	Logo $	Software Development costs $	Total $
Year ended 30 June 2020			
Balance at the beginning of the year	**2,200**	**514,971**	**517,171**
Additions	**-**	**256,336**	**256,336**
Closing value at 30 June 2020	**2,200**	**771,307**	**773,507**
Year ended 30 June 2019			
Balance at the beginning of the year	2,200	112,560	114,760
Additions	-	402,411	402,411
Closing value at 30 June 2019	2,200	514,971	517,171

12 Other Assets

	2020 $	2019 $
CURRENT		
Prepayments	**112,833**	108,330
Deposits	**23,885**	21,777
	136,718	130,107

13 Trade and Other Payables

	2020 $	2019 $
CURRENT		
Trade payables	**302,625**	430,598
GST payable	**-**	2,953
Other payables	**209,325**	253,240
	511,950	686,791

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

14 Borrowings

		2020 $	2019 $
CURRENT			
Unsecured liabilities:			
Converting notes	(a)	-	1,666,673
Total current borrowings		-	1,666,673
Total borrowings		-	1,666,673

(a) Converting notes

In April 2018, the Group issued 4,080,000 Converting notes at $1.00 each. The placing of the notes was carried out to enable the Group to fund working capital requirements and associated objectives of achieving an exchange listing.

3,080,000 converting notes converted to ordinary shares during the year ended 30 June 2019.

On 3rd July 2019, the remaining 1,000,000 Converting notes were converted to Ordinary Shares in ABEH in accordance with the agreements executed.

15 Issued Capital

	2020 $	2019 $
80,972,416 (2019: 79,305,749) Ordinary shares	**6,842,384**	5,240,144

(a) Movements in Carrying Amounts

	No.	$
Opening Balance at 1 July 2019	**79,305,749**	**5,240,144**
Movement		
3 Jul 2019: Shares issued on conversion of converting notes - (1,000,000 notes at 40% discount to $1 share price)	1,666,667	1,666,667
Capital raising costs	-	(64,427)
Balance as at 30 June 2020	**80,972,416**	**6,842,384**

	No.	$
Opening Balance at 1 July 2018	**200,000**	**200,000**
Movement		
26 Sep 2018: Conversion on approx 1:371 share split	74,171,422	200,000
26 Jun 2019: Shares in ABEPL exchanged at acquisition date	(74,171,422)	-
26 Jun 2019: Shares in ABEH on issue at acquisition date	1,000	-
26 Jun 2019: Shares issued to vendors of ABEPL	74,171,422	-
28 Jun 2019: Shares issued on conversion of converting notes - (3,080,000 notes at 40% discount to $1 share price)	5,133,327	5,133,327
Capital raising costs	-	(93,183)
Balance as at 30 June 2019	**79,305,749**	**5,240,144**

There has been no change to capital risk management policies during the year.

15 Issued Capital continued

(b) Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(c) Capital Management

The key objectives of the Group when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Group defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Group manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio if required, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

The Board also monitors a range of financial metrics including return on capital employed and gearing ratios.

16 Capital and Leasing Commitments

(a) Non-cancellable Operating Leases

The Group has not entered into any non-cancellable operating leases.

(b) Capital Commitments

The Group has not entered into any material capital expenditure commitments.

17 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, bonds, accounts receivable and payable and loans from related parties.

The totals for each category of financial instruments, measured as detailed in the accounting policies to these financial statements, are as follows:

	2020 $	2019 $
Cash and cash equivalents	**1,970,379**	3,032,051
Trade receivables	**177,839**	372,237
Financial assets at fair value through profit or loss	-	-
Total financial assets	**2,148,218**	3,404,288
Financial liabilities		
Trade and other payables	**(511,950)**	(683,838)
Borrowings	-	(1,666,673)
Financial liabilities at fair value through profit or loss	-	-
Total financial liabilities	**(511,950)**	(2,350,511)

Financial risk management policies

The Group's activities expose it to the following risk through its use of financial instruments: credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and price risk.

The Board of Directors has overall responsibility for establishing the Group's risk management framework. Risk management policies and systems are established to identify and assess the risks faced by the Group, set appropriate risk limits, to monitor risks and adherence to risk policies. Risk management policies are reviewed regularly to reflect changes in markets conditions and activities undertaken by the Group.

The Board oversees how management monitors compliance with the Group's risk management policies and systems. The Group's Compliance function provides regular training to all employees with the aim of developing a disciplined risk management environment with each employee understanding their responsibilities.

Mitigation strategies for specific risks faced are described as follows:

Market risk

(i) Foreign exchange risk

The Group is exposed to foreign currency sensitivity due to supplier agreements denominated in USD.

To mitigate the Group's exposure to foreign currency risk, non-Australian dollar cash flows are monitored to ensure that they remain at an acceptable level.

The Group may enter into forward contracts to protect against foreign exchange risk where it is deemed that the risk of a depreciation in the Australian dollar warrants such an action.

The Group has not performed a sensitivity analysis relating to its exposure to foreign currency risk as the short-term exposure is immaterial.

17 Financial Risk Management continued

Market risk

(ii) Cash flow and fair value Interest rate risk

The Group is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to monitor interest rate cash flow risk exposure as part of the Group's cash flow management. As at the reporting date, the Group is exposed to changes in market interest rates through its cash and cash equivalents, term deposit lease guarantees and borrowings, which are subject to variable interest rates.

	2020		2019	
	+1.00%	-1.00%	+1.00%	-1.00%
	$	$	$	$
Impact on net results	-	-	16,667	(16,667)
Impact on equity	-	-	16,667	(16,667)

(iii) Price risk

The Group is exposed to bond securities price risk. This risk is the potential for losses in earnings as a result of adverse market movements and arises from investments held by the Group and classified as financial assets at fair value through profit or loss.

To manage its price risk arising from exposure to bond securities, the Group may use futures contracts to reduce market risk on its portfolio. The performance of the Group's bond exposures and market risk are monitored on a regular basis. The trading and management of bond positions are separated by performance of those activities by independent departments within the Group.

The Group had no bond holdings as at 30 June 2020 (2019: None)

Liquidity risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Maturities of financial liabilities

	Not later than 1 month	
	2020	2019
	$	$
Trade and other payables	**511,950**	683,838
Total	**511,950**	683,838

Credit risk

The Group's credit risk arises from cash and cash equivalents, corporate bonds, deposits with banks and credit exposures to wholesale and retail customers, including outstanding receivables from unsettled transactions.

Notes to the Financial Statements
For the Year Ended 30 June 2020

17 Financial Risk Management continued

Credit risk

The Group has the following credit risks:

Cash at bank	**2020 $**	**2019 $**
AA	1,970,379	3,032,051
	1,970,379	**3,032,051**

Corporate bonds		
Not rated	-	-
BBB+	-	-
Total	**-**	**-**

The following ageing analysis details the Group's trade and other receivables exposed to credit risk. Receivables that are past due are assessed for impairment and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

	2020 $	**2019 $**
Neither past due nor impaired	177,839	372,237
Past due but not impaired	-	-
Past due and impaired	-	-
Total	**177,839**	**372,237**

The Group's management considers that all the above financial assets are not impaired for the reporting date.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty. Based on historic information on customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be of good credit quality.

The credit quality of financial assets can be assessed by reference to external credit ratings. These credit ratings are only available for cash assets and non-exchange traded derivative financial assets.

18 Tax assets and liabilities

Current tax balances

	2020	2019
	$	$
Income tax payable	-	-
Current tax liabilities	-	-

Deferred tax balances

(a) Deferred tax assets

The balance comprises temporary differences attributable to:	2020 $	2019 $
Tax losses	428,424	183,019
Employee benefits	29,680	10,940
Accrued expenses	19,931	51,484
Capital raising costs	31,245	15,804
Total deferred tax assets	509,280	261,247
Set-off of deferred tax liabilities	(245,358)	(173,450)
Deferred tax assets not recognised	(263,922)	(87,797)
Net deferred tax assets	-	-

(b) Deferred tax liabilities

The balance comprises temporary differences attributable to:	2020 $	2019 $
Property, plant and equipment	2,220	2,043
Prepaid Expenses	31,029	29,790
Intangible assets	212,109	141,617
Total deferred tax liabilities	245,358	173,450
Set-off of deferred tax liabilities	(245,358)	(173,450)
Net deferred tax liabilities	-	-

(c) Tax losses

	2020 $	2019 $
Unused tax losses for which no deferred tax asset has been recognised	959,716	319,262
Potential tax benefit @ 27.5%	263,922	87,797

No income tax benefit was recognised in respect of unused tax losses. This income tax benefit arising from tax losses will only be realised if:

i. the Group derives future assessable income of a nature and an amount sufficient to enable the Group to benefit from the deductions for the losses to be realised;
ii. the Group continues to comply with the conditions for deductibility imposed by tax legislation; maintains the continuity of ownership test and has carried on the same business since the tax loss was incurred; and
iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

The Group has adopted the small business tax rate for the Australian entities, being 27.5%. The Group meets the small business eligibility criteria set by the Australian Taxation Office being aggregated turnover below $25 million and 80% or less of assessable income is passive income. The Group has no capital tax losses available.

19 Operating Segments

Segment information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the type or class of customer for the products or services;
- any external regulatory requirements.

Performance is measured based on segment profit before income tax as included in the internal financial reports.

The Group has one reportable segment, being the provision of fixed income advice and dealing in Australian Corporate and Government Bonds.

20 Dividends

There were no dividends paid during the reporting period nor declared after the end of the reporting period.

21 Key Management Personnel Remuneration

The totals of key management personnel remuneration paid or payable for the year is shown below:

	2020	2019
	$	$
Short-term employee benefits	1,020,669	924,691
Post-employment benefits	96,966	74,314
Share-based payments	-	-
	1,117,635	**999,005**

Included in key management personnel remuneration is $225,121 (2019: $402,411) that has been capitalised as part of Development costs in Intangible assets for the year. Refer to Note 11.

22 Auditors' Remuneration

	2020 $	2019 $
Remuneration of the auditor Stanley & Williamson, and its related practices for:		
- auditing or reviewing the financial statements	70,325	36,795
- other services	18,512	21,000
	88,837	**57,795**

Other services relate to advisory services in relation to the proposed initial public offering and listing of Australian Bond Exchange Holdings Limited on the Australian Stock Exchange (ASX).

23 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2020	Percentage Owned (%)* 2019
Subsidiaries:			
Australian Bond Exchange Pty Ltd ("ABEPL")	Australia	100	100
ABE Settlements Pty Ltd	Australia	100	100
BX Provider Services Pty Ltd Australia **	Australia	100	100
ABX Operations Pty Ltd Australia **	Australia	100	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries
**These entities are subsidiaries of Australian Bond Exchange Pty Ltd

(b) Significant restrictions relating to subsidiaries

There are no significant restrictions to access or use the assets and settle the liabilities of the Group.

24 Contingencies

In the opinion of the Directors, the Group did not have any contingencies at 30 June 2020 (30 June 2019:None).

25 Related Parties

(a) The Group's main related parties are as follows:

(i) Key management personnel - Disclosures relating to key management personnel are set out in Note 21.

(ii) Subsidiaries - refer to Note 23.

(iii) Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

25 Related Parties continued

(b) Transactions with related parties

The following transactions occurred with related parties:

(i) The securities transactions with related parties represent the amounts that key management personnel and other related parties have paid or been paid for bonds they had purchased or sold as clients of the Group.

	Purchases	Sales
Securities	1,090,249	343,697

(ii) Brokerage paid or payable to related parties was $413,441. These amounts are included in Brokerage costs in the statement of profit or loss and other comprehensive income.

(c) Loans to/from related parties

There were no loans to or from related parties during the year.

26 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2020 $	2019 $
Profit for the year	(864,144)	(3,590,166)
Non-cash flows in profit:		-
- finance costs	-	240,720
- depreciation	3,634	2,617
- corporate transaction accounting expense	-	2,719,000
Changes in operating assets and liabilities:		-
- (increase)/decrease in trade and		-
other receivables	261,188	306,214
- (increase)/decrease in other assets	(6,611)	(107,744)
- (increase)/decrease in other financial		-
assets	-	958,253
- increase/(decrease) in trade and other payables	(179,823)	304,933
- increase/(decrease) in taxes payable	-	(316)
- increase/(decrease) in deferred tax		-
asset	-	56,657
- increase/(decrease) in employee benefits	44,146	181,570
Cashflows from operations	**(741,610)**	1,071,738

27 Employee Benefits

	2020 $	2019 $
CURRENT		
Annual leave	**107,927**	39,781
Other employee benefits	**417,441**	441,441
	525,368	481,222

28 Events Occurring After the Reporting Date

The financial report was authorised for issue on 20 August 2020 by the board of directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

29 Parent entity

The following information has been extracted from the books and records of the parent, Australian Bond Exchange Holdings Ltd ("ABEH") and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Australian Bond Exchange Holdings Ltd has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the consolidated financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

ABEH and its wholly owned subsidiaries elected to form a tax consolidated group on 1 July 2018. On 26 June 2019, ABEPL was acquired by ABEH at which time ABEPL and its wholly owned subsidiaries joined the ABEH tax consolidated group.

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These amounts are measured using the 'stand-alone-taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity.

Statement of Financial Position	**2020** **$**	**2019** **$**
Assets		
Current assets	**1,815,488**	2,007,497
Non-current assets	**2,001,000**	2,000,679
Total Assets	**3,816,488**	4,008,176
Liabilities		
Current liabilities	**224,849**	1,802,871
Total Liabilities	**224,849**	1,802,871
Equity		
Issued capital	**6,643,383**	5,041,144
Retained earnings	**(3,051,744)**	(2,835,838)
Total Equity	**3,591,639**	2,205,306

Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	**(215,906)**	(2,835,838)
Total comprehensive income	**(215,906)**	(2,835,838)

29 Parent entity continued

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019.

Contractual commitments

The parent entity did not have any commitments as at 30 June 2020 or 30 June 2019.

30 Statutory Information

The registered office of the company is:
RBW Accountants
Suite 501
83 York Street
Sydney NSW 2000

The principal place of business is:
Australian Bond Exchange Holdings Ltd
Level 19
1 O'Connell Street
Sydney NSW 2000

Australian Bond Exchange Holdings Ltd
ABN 11 629 543 193

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2020 are in accordance with the Corporations Act 2001 and:

   a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS);

   b. comply with the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   c. give a true and fair view of the financial position and performance of the consolidated group;

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director: ....
Bradley McCosker

Director: ....
Allan Farrar

Dated this 20th day of August 2020

Independent Auditor's Report
To the Members of Australian Bond Exchange Holdings Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Bond Exchange Holdings Ltd and its controlled entities (together "the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, 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 the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- 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.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND
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Partners **MA Goodrick** > **DM O'Malley** > **Q Tat** > **BR Barter** > **K Thakkar**

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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: *http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf*. This description forms part of our auditor's report.

Stanley & Williamson

Stanley & Williamson

Sydney

20 August 2020

Michael Goodrick

Michael Goodrick
Partner