Gooroo Ventures Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Gooroo Ventures Limited
ABN:	96 613 924 744
Reporting period:	For the year ended 30 June 2019
Previous period:	For the year ended 30 June 2018

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	102%	to	809,817
Loss from ordinary activities after tax attributable to the owners of Gooroo Ventures Limited	down	32%	to	(2,198,635)
Loss for the year attributable to the owners of Gooroo Ventures Limited	down	32%	to	(2,198,635)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax amounted to $2,198,635 (30 June 2018: $3,235,500).

This past year the Company has continued its push to broaden its user base, expand partnerships and evolve its products and service offerings to build future scale and global reach. The Company continues to invest in research and development, market validation programs and the refinement of its go-to-market strategy. These are all aimed at delivering accelerated revenue streams and widespread, global adoption of the Company's unique transformation platform and tools.

Gooroo's primary achievements in financial year 2019 have been substantial growth its revenues from $401,516 to $809,817. Management attribute these results to an:

- Increased awareness of Gooroo technology in market and a growing acceptance of the inadequacy of existing models and technologies.
- Expansion of Gooroo capability across the human capital value chain; extending the addressable market.
- Expansion in to the consumer research and marketing industries.

The Company remains committed to the ongoing development of its core IP and continues its focus on executing programs with clients and partners. While some of these initiatives remain unpaid (or heavily discounted), the Board and management believe that this approach will underpin future marketing efforts, speed of adoption and growth.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.63	1.85

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

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6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

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7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited by Grant Thornton Audit Pty Ltd.

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11. Attachments

Details of attachments (if any):

The Unaudited Preliminary Financial Statements of Gooroo Ventures Limited for the year ended 30 June 2019 is attached.

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12. Signed

Signed ______________________________ Date: 30 August 2019

Gregory Muller
Managing Director

Gooroo Ventures Limited

ABN 96 613 924 744

Unaudited Preliminary Financial Statements - 30 June 2019

Gooroo Ventures Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 $	2018 $
Revenue	5	796,000	374,558
Other income	6	-	146,188
Interest revenue calculated using the effective interest method		13,817	26,958
Expenses			
Other expenses	7	(603,445)	(602,138)
Share-based payments	33	(80,000)	(52,093)
Employee benefits expense		(1,793,709)	(2,059,343)
Consulting fees		(104,472)	(103,572)
Depreciation and amortisation expense		(236,321)	(227,382)
Loss on disposal of assets		-	(7,968)
Product development costs		(522,912)	(469,508)
Research expenses		(108,084)	(162,425)
Marketing expenses		(203,504)	(236,024)
Occupancy expenses		(122,241)	(110,439)
Finance costs		-	(61)
Loss before income tax benefit		(2,964,871)	(3,483,249)
Income tax benefit	8	766,236	247,749
Loss after income tax benefit for the year attributable to the owners of Gooroo Ventures Limited		(2,198,635)	(3,235,500)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Gooroo Ventures Limited		(2,198,635)	(3,235,500)
		Cents	**Cents**
Basic earnings per share	32	(2.29)	(4.40)
Diluted earnings per share	32	(2.29)	(4.40)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Gooroo Ventures Limited
Statement of financial position
As at 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Assets			
Current assets			
Cash and cash equivalents	9	354,580	1,511,341
Trade and other receivables	10	60,725	101,648
Income tax refund due	11	435,936	254,475
Other assets	12	28,741	26,261
Total current assets		879,982	1,893,725
Non-current assets			
Property, plant and equipment	13	71,382	60,431
Intangibles	14	805,857	1,010,686
Total non-current assets		877,239	1,071,117
Total assets		1,757,221	2,964,842
Liabilities			
Current liabilities			
Trade and other payables	15	135,342	229,458
Provisions	16	106,728	78,794
Contract liabilities	17	7,044	43,950
Total current liabilities		249,114	352,202
Non-current liabilities			
Employee benefits	18	8,065	-
Total non-current liabilities		8,065	-
Total liabilities		257,179	352,202
Net assets		1,500,042	2,612,640
Equity			
Issued capital	19	10,062,779	8,976,742
Reserves	20	174,949	257,362
Accumulated losses	21	(8,737,686)	(6,621,464)
Total equity		1,500,042	2,612,640

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

Gooroo Ventures Limited
Statement of changes in equity
For the year ended 30 June 2019

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2017	6,654,928	234,300	(3,385,964)	3,503,264
Loss after income tax benefit for the year	-	-	(3,235,500)	(3,235,500)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(3,235,500)	(3,235,500)
Transactions with owners in their capacity as owners:				
Share-based payments (note 33)	179,509	12,093	-	191,602
Shares issued via placement	2,331,347	-	-	2,331,347
Shares issued to employees (2017 accrued share-based payments)	38,480	-	-	38,480
Transaction costs	(227,522)	10,969	-	(216,553)
Balance at 30 June 2018	8,976,742	257,362	(6,621,464)	2,612,640

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2018	8,976,742	257,362	(6,621,464)	2,612,640
Loss after income tax benefit for the year	-	-	(2,198,635)	(2,198,635)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,198,635)	(2,198,635)
Transactions with owners in their capacity as owners:				
Share-based payments (note 33)	80,500	-	-	80,500
Shares issued via placement	550,000	-	-	550,000
Transaction costs	(115,902)	-	-	(115,902)
Rights issue	571,439	-	-	571,439
Options lapsed	-	(82,413)	82,413	-
Balance at 30 June 2019	10,062,779	174,949	(8,737,686)	1,500,042

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

Gooroo Ventures Limited
Statement of cash flows
For the year ended 30 June 2019

	Note	Consolidated 2019 $	2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		798,815	309,344
Payments to suppliers (inclusive of GST)		(3,512,680)	(3,625,768)
		(2,713,865)	(3,316,424)
Interest received		13,817	26,958
Other revenue		3,602	146,420
Interest and other finance costs paid		-	(61)
Income taxes refunded		584,775	730,194
Net cash used in operating activities	31	(2,111,671)	(2,412,913)
Cash flows from investing activities			
Payments for property, plant and equipment	13	(27,663)	(6,435)
Payments for intangibles	14	(14,782)	(13,397)
Payments for security deposits		(8,182)	-
Net cash used in investing activities		(50,627)	(19,832)
Cash flows from financing activities			
Proceeds from issue of shares	19	1,121,439	2,331,347
Share issue transaction costs		(115,902)	(216,553)
Net cash from financing activities		1,005,537	2,114,794
Net decrease in cash and cash equivalents		(1,156,761)	(317,951)
Cash and cash equivalents at the beginning of the financial year		1,511,341	1,829,292
Cash and cash equivalents at the end of the financial year	9	354,580	1,511,341

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information and statement of compliance

The financial statements cover Gooroo Ventures Limited ('the Company') as a Group consisting of Gooroo Ventures Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Gooroo Ventures Limited's functional and presentation currency.

Gooroo Ventures Limited is a listed public company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. Its registered office and principal place of business are:

Registered office	**Principal place of business**
C/- HLB Mann Judd (SA) Pty Ltd Level 1, 169 Fullarton Road Dulwich SA 5065	Ground Floor, 10 Grattan Street Prahran, VIC 3181

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirement of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB). Gooroo Ventures Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 August 2019.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

AASB 15 Revenue has been early adopted by the Group. Any other new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most applicable to the Group:

AASB 9 Financial Instruments
AASB 9 Financial Instruments replaces AASB 139's 'Financial Instruments: Recognition and Measurement' requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets

When adopting AASB 9, the Group elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018. The adoption of AASB 9 has only impacted the following areas:

The impairment of financial assets applying the expected credit loss model. This applies now to the Group's trade receivables. For contract assets arising from AASB 15 and trade receivables, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

There was no impact to opening retained earnings as a result of the use of this new impairment model.

AASB 15 Revenue from Contracts with Customers
AASB 15 Revenue from contracts with customers was early adopted by the Group in the year ended 30 June 2018. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Note 2. Significant accounting policies (continued)

Going concern
The financial report has been prepared on the basis of a going concern. The financial report shows the Group incurred a net loss of $2,198,635 and a net cash outflow from operating and investing activities of $2,162,298 during the reporting period. The Group's ability to continue as a going concern is contingent upon generation of cash flow from its business and/or successfully raising additional capital. If sufficient cash flow is not generated and/or additional capital funds are not raised, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

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

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 28.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gooroo Ventures Limited ('Company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Gooroo Ventures Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

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

Foreign currency translation
The financial statements are presented in Australian dollars, which is Gooroo Ventures Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Gooroo Ventures Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Gooroo Ventures Limited and each of its wholly-owned controlled entities recognise the current and deferred tax assets and deferred tax liabilities applicable to the transactions undertaken by it, after elimination of intra-group transactions. Gooroo Ventures Limited recognises the entire tax-consolidated group's retained tax losses.

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

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

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

Deferred tax assets and liabilities are always classified as non-current.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 2. Significant accounting policies (continued)

The Company provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the Company in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions'). There is currently an Employee Share Option Plan (ESOP) in place, which provides benefits to Directors and individuals providing services similar to those provided by an employee.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, other than AASB 15 Revenue from Contracts with Customers, have not been early adopted by the Group for the annual reporting period ended 30 June 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Research and Development Incentive
Research and development tax incentive income is recognised at fair value when there is reasonable assurance that the income will be received. income from R&D tax incentive is recognised as an offset against income tax expense or benefit. The expected future R&D tax incentive, for qualifying R&D expenditure for the current financial year, has been accrued and is also recognised as an offset against income tax expense or benefit. It has been established that the conditions of this future R&D incentive have been met and that the expected amount of the incentive can be reliably measured.

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

The key estimates and assumptions used in the value-in-use calculation of the intangible assets for the current year are:
Discount rate: 17.27%
Revenue Growth rates: 91% for FY2020, 64% for FY2021, 51% for FY2022, 26% for FY2023, 25% for FY2024
Expenses increase/(decrease) rates: (2%) for FY2020, 21% for FY2021, 7% for FY2022, 4% for FY2023, 5% for FY2024

Note 4. Operating segments

The Board has considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the Group's chief operating decision maker and has concluded at this time that there are no separately identifiable segments.

Note 5. Revenue

	Consolidated	
	2019 $	2018 $
Revenue from contracts with customers		
Subscription revenue	278,877	166,781
Consulting revenue	196,486	73,575
Training revenue	92,775	21,230
Gooroo Connect	224,260	112,740
	792,398	374,326
Other revenue		
Other revenue	3,602	232
Revenue	796,000	374,558

Note 5. Revenue (continued)

Accounting policy for revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue arises mainly from the rendering of services and from providing access to the Gooroo SaaS Platform. Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group:

1. identifies the contract with a customer;
2. identifies the performance obligations in the contract;
3. determines the transaction price;
4. allocates the transaction price to the separate performance obligations;
5. And recognises revenue when or as each performance obligation is satisfied

The Group often enters into transactions involving a range of the Group's services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Service revenue
Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Subscription revenue
Revenue in relation to providing access to the Gooroo SaaS Platform is recognised on a straight-line basis over the life of the contract with each customer.

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

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 6. Other income

	Consolidated	
	2019 $	2018 $
Net foreign exchange gain	-	721
Subsidies and grants	-	54,536
Insurance recoveries	-	11,491
Other income	-	79,440
Other income	-	146,188

Note 7. Other expenses

	Consolidated 2019 $	2018 $
Agency fees	108,469	9,739
ASX fees	33,232	26,979
Auditing or reviewing the financial report	51,210	44,000
Bank charges	1,626	2,741
Computer expenses	3,148	4,563
Donation	64,000	68,000
HR outsourcing	-	4,074
Insurance	27,258	27,359
Legal fees	13,613	27,794
Outgoings	11,414	3,950
Professional fees	98,675	111,209
Sales support	-	871
Share registry services	27,860	31,722
Travel expenses	76,396	40,869
Other operating expenses	86,544	198,268
	603,445	602,138

Note 8. Income tax benefit

	Consolidated 2019 $	2018 $
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(2,964,871)	(3,483,249)
Tax at the statutory tax rate of 27.5%	(815,340)	(957,893)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation expense	5,293	6,742
Amortisation of intangibles	60,393	55,788
Share-based payments	19,001	14,326
Non-deductible expenses	13,136	40,349
Other non-allowable items	278,977	157,191
Other deductible adjustments	(102,355)	(108,833)
	(540,895)	(792,330)
Current year tax losses not recognised	540,895	792,330
R&D tax incentive recognised as income tax benefit	(435,936)	(247,749)
Under accrual of R&D tax incentive for the year ended 30 June 2018 received in the current period	(330,300)	-
Income tax benefit	(766,236)	(247,749)

The Company has tax losses arising in Australia of $6,265,522 (2018: $5,059,043) that are available for offset against future taxable profits of the Company.

No deferred tax asset has been recognised it is not likely future assessable income is derived from a nature and of an amount sufficient to enable the benefit to be realised.

Note 9. Cash and cash equivalents

	Consolidated	
	2019	2018
	$	$
Cash on hand	101	101
Cash at bank	354,479	1,511,240
	354,580	1,511,341

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 10. Trade and other receivables

	Consolidated	
	2019	2018
	$	$
Trade receivables	60,725	101,648

Allowance for expected credit losses
The Group has recognised a loss of $0 (2018: $0) in profit or loss in respect of the expected credit losses for the year ended 2019.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2019	2018	2019	2018	2019	2018
Consolidated	%	%	$	$	$	$
Not overdue	-	-	57,381	81,807	-	-
0 to 3 months overdue	-	-	1,364	6,336	-	-
3 to 6 months overdue	-	-	1,980	13,505	-	-
			60,725	101,648	-	-

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Note 11. Income tax refund due

	Consolidated	
	2019	2018
	$	$
Income tax refund due - Research and Development (R & D) Incentive	435,936	254,475

Note 12. Other assets

	Consolidated 2019 $	Consolidated 2018 $
Accrued revenue	-	2,400
Prepayments	11,392	14,694
Security deposits	17,349	9,167
	28,741	26,261

Note 13. Property, plant and equipment

	Consolidated 2019 $	Consolidated 2018 $
Furnitures and fittings - at cost	70,368	45,914
Less: Accumulated depreciation	(13,804)	(7,270)
	56,564	38,644
Computer equipment - at cost	52,733	50,628
Less: Accumulated depreciation	(40,561)	(31,229)
	12,172	19,399
Office equipment - at cost	6,366	5,263
Less: Accumulated depreciation	(3,720)	(2,875)
	2,646	2,388
	71,382	60,431

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Furniture and fittings $	Office equipment $	Computer equipment $	Total $
Balance at 1 July 2017	47,532	3,964	34,982	86,478
Additions	1,350	837	4,249	6,436
Disposals	(4,856)	(414)	(2,697)	(7,967)
Depreciation expense	(5,382)	(1,999)	(17,135)	(24,516)
Balance at 30 June 2018	38,644	2,388	19,399	60,431
Additions	24,454	1,104	2,105	27,663
Depreciation expense	(6,534)	(845)	(9,333)	(16,712)
Balance at 30 June 2019	56,564	2,647	12,171	71,382

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

Note 13. Property, plant and equipment (continued)

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

Computer equipment	2-5 years
Furniture and fittings	3-10 years
Other equipment	3-10 years

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

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 14. Intangibles

	Consolidated	
	2019	**2018**
	$	**$**
Development costs	1,068,438	1,068,438
Less: Accumulated amortisation	(459,842)	(251,575)
Less: Impairment	(13,707)	(13,707)
	594,889	803,156
Intellectual property - at cost	241,642	226,860
Less: Accumulated amortisation	(30,674)	(19,330)
	210,968	207,530
	805,857	1,010,686

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Development costs $	Intellectual property $	Total $
Balance at 1 July 2017	973,295	226,860	1,200,155
Additions	13,397	-	13,397
Amortisation expense	(183,536)	(19,330)	(202,866)
Balance at 30 June 2018	803,156	207,530	1,010,686
Additions	-	14,782	14,782
Amortisation expense	(208,268)	(11,343)	(219,611)
Balance at 30 June 2019	594,888	210,969	805,857

Note 14. Intangibles (continued)

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Intellectual property
Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 20 years.

Note 15. Trade and other payables

	Consolidated	
	2019	**2018**
	$	**$**
Trade payables	120,708	180,580
Other payables	14,634	48,878
	135,342	229,458

Refer to note 23 for further information on financial risk management.

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

Note 16. Provisions

	Consolidated	
	2019	**2018**
	$	**$**
Annual leave	106,728	78,794

Note 16. Provisions (continued)

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2019	Annual leave $
Carrying amount at the start of the year	78,794
Additional provisions recognised	27,934
Carrying amount at the end of the year	106,728

Accounting policy for employee benefits

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

Note 17. Contract liabilities

	Consolidated 2019 $	Consolidated 2018 $
Unearned revenue	7,044	43,950

Note 18. Employee benefits

	Consolidated 2019 $	Consolidated 2018 $
Long service leave	8,065	-

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

Note 19. Issued capital

	Consolidated			
	2019 Shares	2018 Shares	2019 $	2018 $
Ordinary shares - fully paid	110,024,591	86,687,851	11,261,824	10,059,886
Transaction costs	-	-	(1,199,045)	(1,083,144)
	110,024,591	86,687,851	10,062,779	8,976,742

Note 19. Issued capital (continued)

Movements in ordinary share capital

Details		**Shares**	**$**
Balance	1 July 2017	61,523,126	6,654,928
Issued via share placements		23,313,468	2,331,347
Issued to employees		1,451,257	177,989
Issued to consultants		400,000	40,000
Transaction costs		-	(227,522)
Balance	30 June 2018	86,687,851	8,976,742
Issued via share placements		11,000,000	550,000
Issued to employees		1,386,207	75,000
Issued to consultants		110,000	5,500
Non-renounceable rights issue and shortfall placement		10,840,533	571,439
Transaction costs		-	(115,902)
Balance	30 June 2019	110,024,591	10,062,779

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Performance shares
Shareholders of MSGooroo Pty Ltd were granted Performance Shares as part of the consideration of the acquisition by Gooroo. The management has determined that no value is to be recognised for the Performance Shares for the year ended 30 June 2019. The terms and conditions of the Performance Shares are summarised below:

Share class	Conversion event	Conversion	Time frame
A Class Performance Shares	(a) the Company achieving a 20-day Volume Weighted Average Market Price of the Company Shares equal to or greater than $0.50; and (b) the Group having at least 10,000 members registered on gooroo.io (whether or not they occur at the same time)	1 Performance Share converts to 1 Ordinary Share	3 years from issue (12 October 2019)
C Class Performance Shares	(a) the Group generating two consecutive Quarters of Consolidated Sales Revenue of at least $4.5 million per Quarter; or (b) the Group achieving Consolidated Sales Revenue of at least $15m for a Financial Year; or (c) the: (i) Company having achieved a Market Capitalisation of $110 million or more for 10 consecutive Business Days; and (ii) Group having at least 30,000 members registered on gooroo.io (whether or not they occur at the same time)	1 Performance Share converts to 1 Ordinary Share	Prior to 30 June 2020

At 30 June 2019 there were 22,000,000 Class A, Nil Class B and 10,000,000 Class C Performance Shares (2018: Class A 22,000,000, Class B 22,000,000, Class C 10,000,000).

Share buy-back
There is no current on-market share buy-back.

Note 19. Issued capital (continued)

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2018 Annual Report.

Accounting policy for issued capital
Ordinary shares are classified as equity.

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

Note 20. Reserves

	Consolidated	
	2019	**2018**
	$	**$**
Share-based payments reserve	174,949	257,362

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share-based payments reserve $	Total $
Balance at 1 July 2017	234,300	234,300
Share-based payments	23,062	23,062
Balance at 30 June 2018	257,362	257,362
Lapse of options	(82,413)	(82,413)
Balance at 30 June 2019	174,949	174,949

Note 21. Accumulated losses

	Consolidated	
	2019	2018
	$	$
Accumulated losses at the beginning of the financial year	(6,621,464)	(3,385,964)
Movement in share option reserve - options lapsed	82,413	-
Accumulated losses at the beginning of the financial year - restated	(6,539,051)	(3,385,964)
Loss after income tax benefit for the year	(2,198,635)	(3,235,500)
Accumulated losses at the end of the financial year	(8,737,686)	(6,621,464)

Note 22. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 23. Financial Risk Management

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

Risk management is carried out by the Chief Executives Officer ('CEO'') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units.

Market risk

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group is not exposed to any significant interest rate risk.

Credit risk
The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. The Group has no past due or impaired debtors as at 30 June 2019.

Note 23. Financial Risk Management (continued)

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

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

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

Note 24. Key management personnel disclosures

Directors
The following persons were Directors of Gooroo Ventures Limited during the financial year:

Thomas Brown	Non-Executive Chairman
Gregory Muller	Managing Director
Wesley McClendon	Executive Director (resigned 27 February 2019)
Donald Stephens	Non-Executive Director
Jason Tonelli	Non-Executive Director
Emmanuel Foundas	Non-Executive Director

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2019	**2018**
	$	**$**
Short-term employee benefits	612,716	493,103
Post-employment benefits	38,369	27,972
Share-based payments	-	44,100
	651,085	565,175

Note 25. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2019 (30 June 2018: None)

Note 26. Commitments

	Consolidated 2019 $	2018 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	136,690	16,667
One to five years	159,472	-
	296,162	16,667

Operating lease commitments includes contracted amounts for offices under non-cancellable operating leases expiring within 3 years with, in some cases, options to extend. On renewal, the terms of the lease is renegotiated.

The Company's current operating lease for its principal place of business will expire on 31 August 2021.

Note 27. Related party transactions

Parent entity
Gooroo Ventures Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Key management personnel
Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the Directors' report.

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

	Consolidated 2019 $	2018 $
Payment for goods and services:		
Consulting fees paid to Wesley McClendon	-	35,064

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2019 $	2018 $
Current payables:		
Trade payables to key management personnel	15,400	19,400

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 28. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2019 $	Parent 2018 $
Loss after income tax	(110,277)	(3,235,319)
Total comprehensive income	(110,277)	(3,235,319)

Statement of financial position

	Parent 2019 $	Parent 2018 $
Total current assets	788,919	1,560,888
Total assets	1,596,552	2,669,301
Total current liabilities	96,509	56,661
Total liabilities	96,509	56,661
Equity		
Issued capital	10,062,778	8,976,742
Share-based payments reserve	174,949	257,362
Accumulated losses	(8,737,684)	(6,621,464)
Total equity	1,500,043	2,612,640

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity

Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

		Ownership interest	
	Principal place of business /	**2019**	**2018**
Name	**Country of incorporation**	**%**	**%**
MSGooroo Pty Ltd	Australia	100.00%	100.00%

Note 30. Events after the reporting period

On 1 August 2019 the Company announced a potential merger with AIS Anywhere Inc and was subsequently suspended from official quotation.

AIS is an advanced technology services based in the USA leveraging their deep experience in Big Data, Cloud & Machine Learning. AIS have established sales and marketing capability in North America, and a large offshore development centre in India.

The key terms of the transaction are:

- Acquisition of 100% of AIS business for $20.1m.
- 6.917x multiple of 2018 audited EBIT result ($2.906m)
- Issue of 201 million Gooroo shares at A$0.10/share

Above terms will be subject to approval by ASX as part of Gooroo seeking to re-comply with Chapter 1 and 2 of the Listing Rules. Investors are encouraged to review the most recent presentation lodged with the ASX, which explains the nature and terms of the transaction.

On 28 August 2019, the Company successfully completed a capital raising of $1.5 million via the issue of Convertible Notes. The issue price of each note was $0.05 and each note holds a mandatory conversion on completion of the merger with AIS Anywhere (per above) on or before 28 February 2020. The price for conversion is the greater of 5c and a 50% discount to 5-day VWAP prior to the shareholder meeting. If the transaction with AIS does not complete by 28 February 2020, then each noteholder will have the option to redeem, or convert at the lower of $0.05 and a 50% discount to the 5 day VWAP before the noteholder's election and make a further capital investment at the lower of 5c or a 30% discount to the 5 day VWAP prior to the execution of a term sheet with the Company within 90 days, limited to $5 million, subject to the Company's capacity under ASX Listing Rule 7.1 and if required, shareholder approval.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 31. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2019 $	Consolidated 2018 $
Loss after income tax benefit for the year	(2,198,635)	(3,235,500)
Adjustments for:		
Depreciation and amortisation	236,321	227,382
Share-based payments	80,500	191,602
Write off of assets	-	7,967
Other expenses non-cash	-	18,414
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	40,923	(73,098)
Decrease/(increase) in income tax refund due	(181,461)	482,445
Decrease/(increase) in accrued revenue	2,400	(2,400)
Decrease/(increase) in prepayments	3,302	(3,681)
Increase in employee benefits	35,999	49,782
Increase/(decrease) in trade and other payables	(94,116)	(81,296)
Increase/(decrease) in other operating liabilities	(36,904)	5,470
Net cash used in operating activities	(2,111,671)	(2,412,913)

Note 32. Earnings per share

	Consolidated 2019 $	Consolidated 2018 $
Loss after income tax attributable to the owners of Gooroo Ventures Limited	(2,198,635)	(3,235,500)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	96,162,346	73,583,708
Weighted average number of ordinary shares used in calculating diluted earnings per share	96,162,346	73,583,708
	Cents	Cents
Basic earnings per share	(2.29)	(4.40)
Diluted earnings per share	(2.29)	(4.40)

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Gooroo Ventures Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 33. Share-based payments

The Company has established an employee share option plan (ESOP). The objective of the ESOP was to assist in the recruitment, reward, retention and motivation of employees and contractors of the Group. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers, employees and eligible contractors of the Group.

Set out below are summaries of options granted under the plan:

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
12/10/2016	12/04/2019	$0.20	614,231	-	-	(614,231)	-
12/10/2016	12/10/2019	$0.25	750,000	-	-	-	750,000
28/02/2018	30/06/2019	$0.15	250,000	-	-	(250,000)	-
28/02/2018	27/02/2021	$0.25	250,000	-	-	-	250,000
27/04/2018	31/12/2018	$0.10	1,000,000	-	-	(1,000,000)	-
27/04/2018	30/06/2019	$0.10	500,000	-	-	(500,000)	-
27/04/2018	31/12/2018	$0.10	1,000,000	-	-	(1,000,000)	-
			4,364,231	-	-	(3,364,231)	1,000,000
Weighted average exercise price			$0.15	$0.00	$0.00	$0.12	$0.25

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2019 Number	2018 Number
12/10/2016	12/04/2019	-	614,231
12/10/2016	12/10/2019	750,000	750,000
28/02/2018	28/02/2021	250,000	250,000
28/02/2018	30/06/2019	-	250,000
27/04/2018	31/12/2018	-	1,000,000
27/04/2018	30/06/2019	-	500,000
27/04/2018	31/12/2018	-	1,000,000
		1,000,000	4,364,231

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.63 years (2018: 0.89 years).

Share-based payments during the year are:

	Consolidated 2019 $	Consolidated 2018 $
Recognised in the statement of profit or loss as share-based payments		
Options issued to Directors and Consultants	-	12,093
Shares issued to Employees	75,000	-
Shares issued to Consultants	5,000	40,000
	80,000	52,093

Note 33. Share-based payments (continued)

	Consolidated 2019 $	Consolidated 2018 $
Recognised in the statement of profit or loss as employee benefits expense		
Shares issued to Employees	-	177,989
Accrued employee benefits expenses	-	(38,480)
	-	139,509

In total, $80,000 (2018: $191,602) of share-based payments expense (all of which related to equity-settled share-based payment transactions) has been included in profit or loss. $75,000 of the share-based payments expense pertained to incentive payments made to employees as per their employment contracts. $5,000 (net of GST) was paid to consults in lieu of cash consideration for services provided.

	Consolidated 2019	Consolidated 2018
Recognised in the statement of financial position		
Options issued to Broker (equity)	-	10,969

	Consolidated 2019 $	Consolidated 2018 $
Share-based payments recognised in Reserves		
Options issued to Directors	-	12,093
Options and rights issued to Brokers	-	10,969
	-	23,062

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 33. Share-based payments (continued)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.