Airtasker Pty Ltd and Controlled Entities (now known as Airtasker Limited)

ABN 53 149 850 457

Consolidated Financial Statements (Reissued)

For the Year Ended 30 June 2020

Airtasker Pty Ltd and Controlled Entities

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Contents

For the Year Ended 30 June 2020

Airtasker Pty Ltd and Controlled Entities

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Consolidated statement of comprehensive income

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue	4	**19,259,106**	14,044,811
Other income	4	**119,991**	355,165
Employee benefits expense	5	**(18,152,096)**	(21,308,547)
Sales and marketing expense		**(1,157,201)**	(10,820,351)
General and admin expense	5	**(6,043,100)**	(9,810,958)
Depreciation and amortisation expense	5	**(1,229,228)**	(912,000)
Finance costs (i)	5	**(3,051,556)**	(1,217,047)
Loss before income tax		**(10,254,084)**	(29,668,927)
Income tax expense	6	**-**	-
Loss for the year		**(10,254,084)**	(29,668,927)
Other comprehensive loss			
Exchange differences on translation for foreign operations		**(44,411)**	(10,843)
Total comprehensive loss for the year		**(10,298,495)**	(29,679,770)
Loss per share for loss attributable to the owners of Airtasker Pty Limited		**Cents**	Cents
Basic loss per share (i)	21	**(3.53)**	(10.21)
Diluted loss per share (i)	21	**(3.53)**	(10.21)

(i) Refer to Note 33 for detailed information on restatement of previously reported amounts.

Airtasker Pty Ltd and Controlled Entities

ABN 53 149 850 457

Consolidated statement of financial position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**13,097,265**	5,815,837
Trade and other receivables		**218,955**	80,675
Other current assets	8	**2,880,722**	2,440,552
Total current assets		**16,196,942**	8,337,064
Non-current assets			
Plant and equipment	9	**567,343**	813,544
Right-of-use assets	10	**551,333**	981,344
Intangible assets	11	**2,453,445**	431,660
Other non-current assets	8	**196,811**	196,811
Total non-current assets		**3,768,932**	2,423,359
Total assets		**19,965,874**	10,760,423
LIABILITIES			
Current liabilities			
Trade and other payables	12	**4,887,326**	5,685,137
Contract liabilities	13	**337,160**	467,801
Lease liabilities	14	**485,010**	451,172
Provisions	15	**1,967,844**	1,908,803
Employee benefits	16	**734,945**	497,899
Financial liabilities (i)	17	**25,170,437**	11,782,383
Total current liabilities		**33,582,722**	20,793,195
Non-current liabilities			
Lease liabilities	14	**350,515**	737,543
Employee benefits	16	**142,966**	61,909
Total non-current liabilities		**493,481**	799,452
Total liabilities		**34,076,203**	21,592,647
Net liabilities		**(14,110,329)**	(10,832,224)
EQUITY			
Issued capital (i)	18	**59,487,831**	59,428,897
Reserves	19	**8,744,855**	4,372,254
Other equity	20	**2,544,444**	-
Accumulated losses	19	**(84,887,459)**	(74,633,375)
Total deficit		**(14,110,329)**	(10,832,224)

(i) Refer to Note 33 for detailed information on restatement of previously reported amounts.

Consolidated statement of changes in equity

For the Year Ended 30 June 2020

	Note	Issued capital $	Share options reserve $	Foreign currency translation reserve $	Other equity $	Accumulated losses $	Total $
Balance at 1 July 2019		59,428,897	4,428,965	(56,711)	-	(74,633,375)	(10,832,224)
Comprehensive loss							
Loss for the year		-	-	-	-	(10,254,084)	(10,254,084)
Other comprehensive loss		-	-	(44,411)	-	-	(44,411)
Total comprehensive loss for the year		-	-	(44,411)	-	(10,254,084)	(10,298,495)
Transactions with owners in their capacity as owners							
Shares issued during the year	18	22,752	-	-	-	-	22,752
Net movement in share issue costs	18	36,182	-	-	-	-	36,182
SAFE equity instrument issued	20	-	-	-	2,544,444	-	2,544,444
Share based payments	19	-	4,417,012	-	-	-	4,417,012
Total transactions with owners, in their capacity as owners		58,934	4,417,012	-	2,544,444	-	7,020,390
Balance at 30 June 2020		59,487,831	8,845,977	(101,122)	2,544,444	(84,887,459)	(14,110,329)

The accompanying notes form part of these financial statements.

Airtasker Pty Ltd and Controlled Entities

ABN 53 149 850 457

Consolidated statement of changes in equity

For the Year Ended 30 June 2020

	Note	Issued capital $	Share options reserve $	Foreign currency translation reserve $	Other equity $	Accumulated losses $	Total $
Balance at 1 July 2018		59,498,186	560,279	(45,868)	-	(44,964,448)	15,048,149
Comprehensive loss							
Loss for the year		-	-	-	-	(29,668,927)	(29,668,927)
Other comprehensive loss		-	-	(10,843)	-	-	(10,843)
Total comprehensive loss for the year		-	-	(10,843)	-	(29,668,927)	(29,679,770)
Transactions with owners in their capacity as owners							
Net movement in share issue costs	18	(69,289)	-	-	-	-	(69,289)
Share based payments	19	-	3,868,686	-	-	-	3,868,686
Total transactions with owners, in their capacity as owners		(69,289)	3,868,686	-	-	-	3,799,397
Balance at 30 June 2019		59,428,897	4,428,965	(56,711)	-	(74,633,375)	(10,832,224)

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities:			
Receipts from customers from revenue (inclusive of GST)		**21,518,988**	16,008,081
Payments to suppliers and employees (inclusive of GST) (i)		**(22,130,547)**	(33,617,453)
Interest received		**59,657**	74,211
Interest paid on lease liabilities		**(96,435)**	(133,162)
Finance costs		**-**	(4,522)
Net cash used in operating activities	32	**(648,337)**	(17,672,845)
Cash flows from investing activities:			
Proceeds from sale of plant and equipment		**2,923**	-
Purchase of property, plant and equipment		**(108,294)**	(169,516)
Payment for intangible asset		**(2,469,430)**	(506,586)
Net cash used in investing activities		**(2,574,801)**	(676,102)
Cash flows from financing activities:			
Net proceeds from share capital raised (i)		**10,357,756**	2,999,406
Net proceeds from SAFE notes and convertible notes issued	32	**500,000**	9,790,000
Payment of lease liabilities	32	**(353,190)**	(364,328)
Net cash provided by financing activities		**10,504,566**	12,425,078
Net increase/(decrease) in cash and cash equivalents held		**7,281,428**	(5,923,869)
Cash and cash equivalents at beginning of year		**5,815,837**	11,739,706
Cash and cash equivalents at end of financial year	7	**13,097,265**	5,815,837

(i) Refer to Note 33 for detailed information on restatement of previously reported amounts.

Notes to the financial statements

For the Year Ended 30 June 2020

As indicated in Note 33, the attached financial report of Airtasker Pty Ltd for the year ended 30 June 2020 is a reissued financial report and supersedes the financial report signed by the directors on 17 December 2020. As stated in Note 31, on 9 January 2021, the company converted to an unlisted public company limited by shares and changed its name from Airtasker Pty Ltd to Airtasker Limited. The original financial statements were for Airtasker Pty Ltd and its controlled entities however any reference to Airtasker Pty Limited in this report can be taken to mean Airtasker Limited in this reissued report.

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

Airtasker Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The Company is an online marketplace enabling users who wish to have tasks completed (Customers) to connect to community members who complete those tasks to earn money (Taskers).

The financial statements were authorised for issue, in accordance with a resolution of directors, on 1 February 2021. The directors have the power to amend and reissue the financial statements.

1 Summary of significant accounting policies

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

New, revised or amending accounting standards and interpretations adopted

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

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(a) Basis for 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"), 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").

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

1 Summary of significant accounting policies (continued)

(b) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The ability of the Group to continue as a going concern has not been impacted by the outbreak of the COVID-19 pandemic.

As disclosed in the financial statements, the Group incurred a loss for the year of $10,254,084 (2019: loss of $29,668,927) and had net cash outflows from operating activities of $648,337 (2019: $17,672,845) and net current liabilities (negative working capital) of $17,385,780 (2019: $12,456,131) for the year ended 30 June 2020.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group has no borrowings and sufficient cash at the date of this report to meet all committed liabilities and future expected liabilities.
- Series A Preference Shares ("preference shares") of $25,072,510 which have been classified as a financial current liability will be converted into ordinary shares and therefore will not result in any cash outflow to the Company. Net current assets at 30 June 2020 (working capital) on this basis is $7,686,730.
- The Directors have reviewed the cash forecast for the Group through to 31 March 2022. The cash flow forecast indicates that the fee revenue and interest income to be generated by the Group in the forecasted period will be sufficient to meet working capital requirements.

(c) Parent entity information

These financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 29.

(d) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Airtasker Pty Ltd as at 30 June 2020 and the results of all subsidiaries for the year then ended. Airtasker Pty Ltd and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another 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 Group companies 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.

1 Summary of significant accounting policies (continued)

(e) Operating segments

Operating segments are presented using the "management approach", where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ("CODM"). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(f) Foreign currency translation

(i) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Australian dollars, which is Airtasker Pty Ltd's functional and presentational currency.

(ii) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributed to part of the net investment in a foreign operation.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated balance sheet presented are translated at the closing rate at the date of that consolidated balance sheet;
- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing in the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designed as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportional share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1 Summary of significant accounting policies (continued)

(g) Revenue and other income

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the "expected value" or "most likely amount" method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

The Group’s revenue results from the fees generated from transactions in its online marketplace, as follows:

Service Fee Revenue:

The Group's performance obligation in relation to service fee revenue is considered to be satisfied when the following has occurred:

- When the Group has been notified by the Customer and Tasker that the service agreed between the Customer and Tasker upon task assignment has been rendered and completed by the Tasker
- The amount of service fee revenue that the Group is entitled to from the contract can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Group
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Stored Value Breakage Revenue:

Stored Value is created and debited to a Customer’s account under two circumstances: (i) when an assigned task is neither marked completed nor cancelled for a period of 90 days (“Incomplete Task Credits”), and (ii) when an assigned task is cancelled (“Cancelled Task Credits”).

The Company’s Terms and Conditions enable the expiry of Stored Value that is not redeemed within 12 months of grant into Customer accounts. The balance of Stored Value is shown in Note 12 “Trade and other payables”.

1 Summary of significant accounting policies (continued)

(g) Revenue and other income (continued)

Revenue from contracts with customers (continued)

Breakage revenue in each case is recognised as follows:

(i) Breakage of Stored Value from Incomplete Tasks

The Group expects to be entitled to breakage revenue from unclaimed Incomplete Task Credits. The expected breakage revenue to be recognised is equivalent to the forecasted unclaimed Incomplete Task Credit balances of each cohort at Month 12 and will be recognised over 12 months in proportion to the historical average pattern of rights exercised by Customers for Incomplete Task Credits. The Company will not recognise any estimated breakage amounts until it is highly probable that a significant revenue reversal will not occur. If the Company cannot determine whether breakage will occur, it will not recognise any amounts as breakage until the likelihood of exercising its rights becomes remote.

For the 2019 financial year, in the absence of sufficient historical information to ascertain pattern of rights exercised by Customers for unclaimed Incomplete Task Credits, the Group adopted a prudent approach in recognising breakage revenue only at the point in time in which the Incomplete Task Credits were physically expired from Customer accounts.

(ii) Breakage of Stored Value from Cancelled Tasks

The Group expects to be entitled to breakage revenue from unclaimed Cancellation Credits. The expected breakage revenue to be recognised from unclaimed Cancellation Credits granted post 30 June 2019 is equivalent to the forecasted unclaimed Cancellation Credit balances of each cohort at Month 18 and will be recognised over 18 months in proportion to the historical average pattern of rights exercised by Customers for Cancellation Credits.

The expected breakage revenue to be recognised from unclaimed Cancellation Credits granted prior to 30 June 2019 is equivalent to the forecasted unclaimed Cancellation Credit balances of each cohort at December 2020 and will be recognised from the months in which the Cancellation Credits were granted to December 2020 in proportion to the historical average pattern of rights exercised by Customers for Cancellation Credits. The Company will not recognise any estimated breakage amounts until it is highly probable that a significant revenue reversal will not occur. If the Company cannot determine whether breakage will occur, it will not recognise any amounts as breakage until the likelihood of the Customer exercising its rights becomes remote.

Interest revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

(h) Government grants

Government grants related to assets, including non-monetary grants at fair value, have been presented in the statement of financial position by deducting the grant before arriving at the carrying amount of the asset. Assets in relation to governments grants receivable are recognised in the year in which the expenditure was incurred.

1 Summary of significant accounting policies (continued)

(i) 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.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(k) Trade and other receivables

Trade receivables are recognised initially at the transaction price (cost) and are subsequently measured at cost less provision for impairment. Most sales are made on the basis of normal credit terms and do not bear interest. Where credit is extended beyond normal credit terms and is more than 12 months, receivables are discounted to their present value.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables include loans granted by the Group and are discounted to present values using the interest rate inherent in the loan.

(l) Property and equipment

Plant and equipment are measured on the cost basis.

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

Depreciation

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

1 Summary of significant accounting policies (continued)

(l) Property and equipment (continued)

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

Furniture and fixtures	4 - 10 years
Computer equipment	2 - 4 years
Leasehold improvements	3 - 5 years

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 or losses are recognised immediately in the profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(m) Intangibles

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 the 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 1 to 5 years. The capitalised development costs are shown net of research and development tax offset credits.

Patents and trademarks

Patents and trademarks with indefinite life are not amortised and are subsequently measured at cost less any impairment.

(n) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1 Summary of significant accounting policies (continued)

(n) Leases (continued)

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office building 3 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 1(o) Impairment of assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

1 Summary of significant accounting policies (continued)

(o) Impairment of assets

At the end of each reporting period, property, plant and equipment, intangible assets and investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the present value of the asset's future cash flows discounted at the expected rate of return. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in the profit or loss.

(p) Trade and other payables

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms and do not bear interest.

(q) Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

(r) Provisions

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

(s) Employee benefits

Short-term employee benefits

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

Long-term employee benefits

A provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures. They are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the measurement of obligations for long-term employee benefits, the net change in the obligation is recognised in the profit or loss as a part of employee benefits expense.

1 Summary of significant accounting policies (continued)

(s) Employee benefits (continued)

Long-term employee benefits (continued)

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

(t) Convertible notes

Convertible notes are separated into the host liability and embedded derivative components based on the terms of the agreement. On issuance of the convertible notes, the liability component of hybrid financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The embedded derivative component is initially recognised at fair value. The host debt is carried at amortised cost using the effective interest method until it is extinguished on conversion or redemption.

Embedded Derivative

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

The embedded derivative is separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. The embedded derivative is measured at fair value with changes in value being recorded in profit or loss.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(u) Share based payments

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares and rights, that are provided to employees in exchange for the rendering of services.

For equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the 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.

1 Summary of significant accounting policies (continued)

(u) Share based payments (continued)

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.

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 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 are treated as if they were a modification.

(v) Financial liabilities

(i) *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

(ii) *Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:

• Financial liabilities at fair value through profit or loss

• Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

1 Summary of significant accounting policies (continued)

(v) Financial liabilities (continued)

(ii) *Subsequent measurement (continued)*

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

(iii) *Preference shares*

Preference shares have been classified as a financial current liability due to the contingent event of a trade sale being outside the control of the Company under AASB 132: Financial Instruments: *Presentation*. Preference shares are held at fair value through the profit and loss in accordance with AASB 9: Financial Instruments.

Fair value measurement

When a financial liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the liability, assuming they act in their economic best interests. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(w) Issued capital

Ordinary shares and Employee Restricted Ordinary Shares (“employee 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.

1 Summary of significant accounting policies (continued)

(x) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, 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.

(y) Goods and services tax (GST)

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

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 ATO is included with other receivables or payables in the statement of financial position.

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

(z) Changes in accounting policy, disclosure, standards and interpretations

(i) New and amended standards and interpretations

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. The Group has adopted Interpretation 23 Uncertainty over Income Tax from 1 July 2019. The interpretation clarifies how to apply the recognition and measurement requirements of AASB 112 ‘Income Taxes’ in circumstances where uncertain tax treatments exists. The interpretation requires: the Group to determine whether each uncertain tax treatment should be treated separately or together, based on which approach better predicts the resolution of the uncertainty; the Group to consider whether it is probable that a taxation authority will accept an uncertain tax treatment; and if the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, measuring the tax uncertainty based on either the most likely amount or the expected value. In making the assessment it is assumed that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. Management has considered all facts and circumstances as it relates to the Group and believe there is no material uncertainty over the availability of the tax losses and other deductions to the Group.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Group.

1 Summary of significant accounting policies (continued)

(z) Changes in accounting policy, disclosure, standards and interpretations (continued)

(ii) Accounting standards and interpretations issued but not yet effective

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Group's financial statements.

2 Critical accounting estimates and judgements

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

(a) *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

(b) *Stored value breakage revenue*

Stored value breakage revenue from unclaimed Incomplete Tasks and Cancellation Credits is estimated based on the forecasted breakage rates of each cohort and the credit redemption patterns of Customers; this forecast has been calculated using historical data collected from the Company’s platform. The determination of the forecasted breakage rate at the point-in-time in which unclaimed credits are physically expired from Customer accounts and the pattern of rights in which credits are exercised requires a significant amount of judgement, estimates and assumptions. When determining the forecasted breakage rates and redemption patterns, management and the Board of Directors have considered a wide range of factors such as the historical average breakage rate and redemption patterns, cancellation rates, seasonality impacts, activity trends, expected increase of repeat customer rate etc.

2 Critical accounting estimates and judgements (continued)

(c) *Platform development costs*

The Group recommenced software capitalisation from 1 July 2018 as management has deemed this to be the point-in-time in which the Company can reliably determine when the recognition criteria are met in order to capitalise software development costs. To measure the cost of software development, management uses a combination approach of Jira system analysis and the professional judgement of the leadership teams from Engineering, Product Management and Product Design. To determine the cost of the platform, in conjunction with the Jira system records, the Company's management and Board of Directors have estimated the capitalisation percentage to apply to the salaries of each employee who worked on the capitalisable projects according to their role, responsibility and nature of work. Management has also exercised its best estimates to allocate the capitalisable employee costs to each project according to the scope and nature of the projects and Jira system records.

(d) *Deferred tax*

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that the future taxable profit will be available against which the benefits of the deferred tax can be utilised. The ability to generate taxable profit is contingent on the successful commercialisation of the platform and consequently, the directors consider it prudent not to raise any deferred tax assets in the statement of financial position until such time as there is more certainty in relation to the commercialisation of the platform and its related revenue streams.

(e) *Share-based payment transactions*

Participating in employee share ownership plans meets the criteria an equity-settled share-based payment transactions as per AASB 2 Share-based Payment standard. The Company has recognised the fair value of the goods or services received, and the corresponding increase in equity based on the fair value of the equity transaction. There is a degree of judgement in estimating the fair value of equity instruments granted. The fair value of the options issued has been based on the fair value of the underlying share instrument considering the latest market prices, taking into account the terms and conditions upon which those equity instruments were granted. The Company has used the services of an expert to assist it in determining fair value of the share instrument under options issued and used the Black Scholes model to arrive at the fair value of the options. Management has exercised its best judgements in determining the key inputs in the Black Scholes model which includes volatility and the risk-free rate. Please refer to Notes 22 and 23 for the key assumptions.

(f) *Impairment - general*

The Group assesses impairment at the end of each year by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(g) *Intangible assets - useful life*

There is a degree of estimation in determining the useful life of Airtasker's online platform and its related intangible assets. Management and the Board of Directors have considered the nature of the asset, the technology used to develop the asset, the market conditions, and various other factors in determining that the platform development costs should be amortised over 1 to 5 years.

2 Critical accounting estimates and judgements (continued)

(h) *Convertible notes*

Included in Note 17 is financial liability in relation to a convertible note. There is significant judgement included in determining whether the convertible note is a hybrid instrument, compound instrument, equity or purely debt. The directors have exercised their judgement in determining that the convertible note be classified as hybrid instruments on the basis that the instruments do not meet the “fixed for fixed” test in that there is a potential variation that serves to underwrite and protect the value of the conversion option in the event of a decrease in value of the shares. The fair value of the embedded derivative liability and the hosting debt requires significant judgement in determining the interest rate that would apply to an otherwise identical debt instrument with no conversion feature. Management has exercised its judgement in determining the appropriate interest rate to be 33%.

(i) *Cash and cash equivalents*

Included in cash and cash equivalents are funds held in a "For Benefit Of (FBO)" by Stripe, the payment gateway partner whose accounts are underwritten by Stripe's domestic banking partner. There is a degree of judgement required in determining the most appropriate classification of these balances. Management has elected to classify these balances as cash equivalents on the basis that these accounts are short-term and highly liquid balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) *Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(k) *Operating segments*

Included in Note 3 is the operating segment reporting note. The Group is an online marketplace enabling users who wish to have tasks completed (Customers) to connect to community members who complete those tasks to earn money (Taskers). The directors have exercised their judgement in determining that the Group in operates within one geographical segment and one business segment. The Group's operations in the UK are not considered material, consequently no geographic segment reporting has been provided.

(l) *Fair value adjustment on SAFE equity instrument and resulting expenditure*

Included in Note 20 is a Simple Agreement for Future Equity ("SAFE") equity instrument carried at fair value in respect of a share based payment in relation to services rendered. Airtasker has entered into similar arrangements in the past. There is significant judgement and estimation uncertainty in relation to the determination of the fair value of the services to be received in terms of these types of arrangements. Management has consulted with external advisors in determining the fair value of these instruments and considers the expenditure and resulting equity instruments to represent the fair value of the associated transactions.

2 Critical accounting estimates and judgements (continued)

(m) *Fair value of preference share financial liabilities*

The preference share financial liabilities are initially recognised at fair value at inception and are subsequently remeasured to their fair value at each reporting period. The Group makes judgements and estimates in relation to the observable inputs which determine the fair value adopted. These judgements include the estimated share price, as well the timing and probability of a liquidity event (e.g IPO) taking place.

Notes to the financial statements

For the Year Ended 30 June 2020

3 Operating segment

Identification of reportable segment

The Group operates primarily within one geographical segment and one business segment, being the operation of online platform enabling users to outsource everyday tasks in Australia and reports to the Board of Directors on the performance of the Group as a whole.

Basis of accounting for purposes of reporting by operating segment

Unless stated otherwise, all amounts reported to the Board of Directors, being the CODM with respect to operating segment, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

4 Revenue and other income

	2020	2019
	$	$
Revenue		
Service fee revenue	**16,827,090**	11,689,891
Stored value breakage revenue	**2,432,016**	2,354,920
	19,259,106	14,044,811

	2020	2019
Other Income		
Interest income	**59,657**	74,211
Other income	**60,334**	280,954
	119,991	355,165

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2020	2019
Timing of revenue recognition		
Services revenue recognised over time	**16,827,090**	11,689,891

Geographical regions

The Company has revenue from its operations in the United Kingdom. The revenue from these operations is not considered to be material relative to the group's revenue and consequently no geographical disaggregation of the revenue has been provided.

Notes to the financial statements

For the Year Ended 30 June 2020

5 Expenses

	2020	2019
	$	$
Employee benefits expense		
Share based payment expense	**4,417,012**	3,868,686
JobKeeper payment	**(637,500)**	-
General and admin expense		
Technology expenses	**2,568,039**	3,766,557
Merchant fees	**881,109**	1,209,254
Tasker insurance	**396,542**	294,293
Loss/(gain) on financial instruments	**97,927**	(109,202)
Depreciation and amortisation		
Depreciation of property, plant and equipment	**351,572**	394,738
Depreciation of right-of-use assets	**430,011**	430,011
Amortisation of intangible assets	**447,645**	87,251
	1,229,228	912,000
Finance costs		
Interest expense	**-**	4,522
Interest expense on lease liabilities	**96,435**	133,162
Interest expense on convertible notes	**-**	1,079,363
Fair value movement on preference share financial liability	**2,955,121**	-
	3,051,556	1,217,047

Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Group:

	2020	2019
Auditing or reviewing the financial statements	**89,350**	44,000
Other non-audit services	**16,000**	5,200
	105,350	49,200

Notes to the financial statements

For the Year Ended 30 June 2020

6 Income tax

Reconciliation of income tax to accounting profit:

	2020	2019
	$	$
Loss before income tax expense	**(10,254,084)**	(29,668,927)
Tax at the statutory tax rate of 27.5% (2019: 27.5%)	**(2,819,873)**	(8,158,955)
Tax effect of:		
Non-deductible/non-allowable items	**1,607,179**	1,968,329
Tax losses not brought to account	**1,212,694**	6,190,626
Income tax expense	**-**	-
Estimated tax losses carried forward		
Opening balance	**59,056,025**	36,544,656
Tax losses for the current year	**2,243,340**	22,511,369
R&D claim adjustment	**2,166,456**	-
Closing estimated tax losses	**63,465,821**	59,056,025
Deferred tax asset not raised at 27.5%	**17,453,101**	16,240,407

7 Cash and cash equivalents

		2020	2019
	Note	$	$
Stripe clearing account	2(i)	**908,810**	3,817,993
Cash at bank		**12,188,455**	1,997,844
		13,097,265	5,815,837

8 Other assets

	2020	2019
	$	$
CURRENT		
Deposits and bonds paid	**-**	58,370
Prepayments (i)	**2,880,722**	910,152
Partly paid shares (Note 18)	**-**	1,472,030
	2,880,722	2,440,552
NON-CURRENT		
Deposits and bonds paid	**196,811**	196,811

(i) Included in prepayments in the year to 30 June 2020 are prepaid advertising services procured through the issue of a Simple Agreement for Future Equity ("SAFE") equity instrument. Please refer to Notes 2(l) and 20 for further details.

Notes to the financial statements

For the Year Ended 30 June 2020

9 Property, plant and equipment

	2020	2019
	$	$
Furniture and fixtures	**68,757**	57,486
Less: accumulated depreciation on furniture and fixtures	**(28,235)**	(22,967)
Total furniture and fixtures	**40,522**	34,519
Computer equipment	**588,936**	560,633
Less: accumulated depreciation on computer equipment	**(448,694)**	(376,954)
Total computer equipment	**140,242**	183,679
Leasehold improvements	**970,286**	970,286
Less: accumulated depreciation on leasehold improvements	**(583,707)**	(374,940)
Total leasehold improvements	**386,579**	595,346
Total plant and equipment	**567,343**	813,544

Reconciliations

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

	Furniture and fixtures	Computer equipment	Leasehold improvements	Total
	$	$	$	$
Year ended 30 June 2020				
Balance at the beginning of year	**34,519**	**183,679**	**595,346**	**813,544**
Additions	**11,271**	**97,023**	**-**	**108,294**
Disposals	**-**	**(2,923)**	**-**	**(2,923)**
Depreciation expense	**(5,268)**	**(137,537)**	**(208,767)**	**(351,572)**
Balance at the end of the year	**40,522**	**140,242**	**386,579**	**567,343**
Year ended 30 June 2019				
Balance at the beginning of year	39,829	193,735	805,202	1,038,766
Additions	459	138,102	30,955	169,516
Depreciation expense	(5,769)	(148,158)	(240,811)	(394,738)
Balance at the end of the year	34,519	183,679	595,346	813,544

Notes to the financial statements

For the Year Ended 30 June 2020

10 Right-of-use assets

	2020	2019
	$	$
Office buildings		
At cost	**1,891,020**	1,891,020
Accumulated depreciation	**(1,339,687)**	(909,676)
	551,333	981,344

Movements in carrying amounts

Movement in the carrying amounts for right-of-use assets between the beginning and the end of the current and previous financial years:

Gross carrying amount	
Balance 1 July 2018	1,411,355
Depreciation	(430,011)
Balance 30 June 2019	981,344
Depreciation	(430,011)
Balance 30 June 2020	551,333

The Group leases office space under agreements of between 3 to 5 years with options to extend. The leases have various escalation clauses. Prior to expiry, the terms of the leases are renegotiated.

The Group leases a printer under agreements of less than 1 year. This lease is low-value, so has been expensed as incurred and not capitalised as a right-of-use asset.

11 Intangible assets

	2020	2019
	$	$
Patents and trademarks		
At cost	**56,928**	56,194
Platform development costs		
At cost	**2,931,413**	462,717
Less accumulated amortisation on platform development costs	**(534,896)**	(87,251)
Total capitalised development cost	**2,396,517**	375,466
Total intangible assets	**2,453,445**	431,660

Notes to the financial statements

For the Year Ended 30 June 2020

11 Intangible assets (continued)

Reconciliations

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

	Patents and trademarks	Formation expenses at cost	Platform development costs	Total
	$	$	$	$
Year ended 30 June 2020				
Balance at the beginning of the year	**56,194**	**-**	**375,466**	**431,660**
Additions	**734**	**-**	**2,468,696**	**2,469,430**
Amortisation	**-**	**-**	**(447,645)**	**(447,645)**
Closing value at 30 June 2020	**56,928**	**-**	**2,396,517**	**2,453,445**
Year ended 30 June 2019				
Balance at the beginning of the year	36,545	26,895	548,263	611,703
Additions	19,649	24,220	462,717	506,586
Disposals	-	(51,115)	(548,263)	(599,378)
Amortisation	-	-	(87,251)	(87,251)
Closing value at 30 June 2019	56,194	-	375,466	431,660

12 Trade and other payables

	Note	2020	2019
		$	$
Trade payables		**546,511**	2,856,942
Other payables		**1,514,709**	681,082
Stored value (i)		**2,689,671**	2,147,113
Director's loan payable	28	**136,435**	-
		4,887,326	5,685,137

(i) Stored value relates to Incomplete Task and Cancellation Task Credit liabilities. The stored value is available for the Customer to re-apply to a new task.

Notes to the financial statements

For the Year Ended 30 June 2020

13 Contract liabilities

	2020	2019
	$	$
Contract liabilities	**337,160**	467,801

Unsatisfied performance obligation

The aggregate amount of the service fee revenue to the performance obligation that is unsatisfied at the end of the reporting period was $337,160 (2019: $467,801) and is expected to be recognised as revenue in the next 12 months.

14 Lease liabilities

	2020	2019
	$	$
CURRENT		
Lease liabilities	**485,010**	451,172
NON-CURRENT		
Lease liabilities	**350,515**	737,543
	835,525	1,188,715

This relates to the lease liabilities associated with right-of-use assets. Set out below are the carrying amounts of lease liabilities and the movements during the current and previous financial years:

As at 1 July 2018	**1,553,043**
Accretion of interest	**133,162**
Payment of lease liabilities	**(497,490)**
As at 30 June 2019	**1,188,715**
Accretion of interest	**96,435**
Payment of lease liabilities	**(449,625)**
As at 30 June 2020	**835,525**

These liabilities have been brought to account as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease. The incremental borrowing rate applied is 10%.

15 Provisions

	2020	2019
	$	$
CURRENT		
Provision for the repayment of government grants	**1,967,844**	1,908,803

The Company is currently in dispute with the Australian Tax Office in relation to its Research & Development Tax Offset Incentive claim. The provision represents the potential repayment of the historical research and development tax in respect of unallowable R&D Tax Incentive deductions for the year ended 30 June 2015 and 30 June 2016. The Company has provided for the full amount of the claim.

Notes to the financial statements

For the Year Ended 30 June 2020

16 Employee benefits

	2020 $	2019 $
CURRENT		
Employee entitlements	**734,945**	497,899
NON-CURRENT		
Employee entitlements	**142,966**	61,909

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, the Group expects all employees to take the amount of accrued leave or require payment within the next 12 months.

17 Financial liabilities

	2020 $	2019 $
Convertible note liability - debt component	**-**	9,079,327
Convertible note liability - embedded derivative component	**-**	2,703,056
Foreign exchange forward contract	**97,927**	-
Preference share financial liability	**25,072,510**	-
	25,170,437	11,782,383

Movements:

Convertible notes and preference shares		
Balance 1 July	**11,782,383**	-
Convertible notes issued during the year (i)	**-**	10,812,222
Imputed interest on debt component	**-**	1,079,363
(Gain)/loss on fair value of the embedded derivative	**-**	(109,202)
Conversion to preference shares	**(11,782,383)**	-
Preference shares issued during the year (ii)	**25,072,510**	-
Balance 30 June	**25,072,510**	11,782,383

(i) Investors subscribed for $11,790,000 in convertible notes which were issued in two distinct tranches, on 1 December 2018 and 1 March 2019. The notes have a face value of $1 with all outstanding amounts due on the notes converting into share capital in the Company. Interest was paid monthly in arrears at a rate of 8% per annum from 1 October 2019 until conversion. The convertible notes matured on 31 March 2020. See Note 2(h) for additional information in relation to the judgements and estimation uncertainty in relation to the convertible notes.

In the year to 30 June 2020, the Company converted convertible notes of $11,790,000, into 19,442,615 preference shares.

17 Financial liabilities (continued)

(ii) Each preference share confers on the holder of it all of the rights attaching to one fully paid ordinary share, and in addition confers the right to payment of a cumulative preferential dividend in priority to the payment of a dividend to any other class of shares, and to the repayment of capital on a trade sale and the winding up of the Group in priority to any other class of shares. Preference shares have been classified as a financial liability due to the contingent event of a trade sale being outside the control of the Company under AASB 132: Financial Instruments: Presentation as disclosed at Note 33.

During the year ended 30 June 2020, the Group issued 33,077,185 preference shares, including 13,634,570 at $0.758 per preference share, and 19,442,615 at $0.6064 per preference share as part of the conversion of convertible notes. The preference shares entitle the holders to a bonus issue of shares if the conversion price per share is below $0.758. The preference shares were fair valued at 30 June 2020 resulting in a $2,955,121 fair value movement through Finance costs (see Note 5).

18 Issued capital

	2020	2019
	$	$
290,667,000 (2019: 290,667,000) fully paid ordinary shares (i)	**59,613,874**	59,613,876
1,896,000 (2019: nil) fully paid employee shares (ii)	**22,752**	-
Share raising costs - net of amortisation	**(148,795)**	(184,979)
	59,487,831	59,428,897

(i) As at the year ended 30 June 2019, there were 9,235,000 shares partly paid up to by Seven West Media to an amount of $5,528,100 or $0.5986 per ordinary share based on cumulative advertising services received as per Note 8. $1,472,030 in respect of these partly paid shares remained to be paid at 30 June 2019.

During the year ended 30 June 2020, the Group undertook a 1,000 to 1 share split of its ordinary shares. Issued capital for the year ended 30 June 2019 has been restated to reflect the 1,000 to 1 share split.

(ii) During the year ended 30 June 2020, 1,896,000 options over employee shares were exercised for consideration of $0.012 per employee share.

	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	No.	No.	$	$
Ordinary shares				
Balance at the beginning of the year	**290,667,000**	290,667,000	**59,428,897**	59,498,186
Shares issued during the year	-	-	**-**	-
Amortisation of share raising costs	-	-	**36,182**	(69,289)
Balance at end of the year	**290,667,000**	290,667,000	**59,465,079**	59,428,897
Employee restricted ordinary shares				
Balance at the beginning of the year	**-**	-	**-**	-
Shares issued during the year	**1,896,000**	-	**22,752**	-
Balance at end of the year	**1,896,000**	-	**22,752**	-
			59,487,831	59,428,897

18 Issued capital (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Group 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.

Included in the ordinary share capital in the 2019 financial year are 9,235,000 partly paid shares issued to Seven West Media for which there remained a balance of $1,472,030 that was unpaid. The remaining balance was paid in the 2020 financial year through the consumption of advertising services.

Employee restricted ordinary shares

Options issued under the Company's employee options plan are issued over employee shares.

Prior to an IPO, share sale or trade sale, each employee share confers on the holder the right to receive notices of all meetings of the Company and to attend all meetings of the Company but not to vote at any such meeting; and does not confer a right to dividends or, in the event of a winding up of the Group, to the repayment of any amount paid up on the share.

If the Company resolves to undertake an IPO, share sale or trade sale, the employee share will be automatically converted to a fully paid ordinary share immediately prior to and conditional upon the occurrence of the IPO, share sale or trade sale.

Capital risk management

The Group's objectives when managing capital are 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 return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from previous years.

Notes to the financial statements

For the Year Ended 30 June 2020

19 Reserves and accumulated losses

	2020 $	2019 $
Reserves		
Foreign currency translation reserve (a)	**(101,122)**	(56,711)
Share based payment reserve (b)	**8,845,977**	4,428,965
	8,744,855	4,372,254

Foreign currency translation reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share based payment reserve
The share-based payment reserve is used to recognised the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Please refer to Note 22 for details.

	2020 $	2019 $
(a) Movements:		
Foreign currency translation reserve		
Balance 1 July	**(56,711)**	(45,868)
Currency translation differences arising during the year	**(44,411)**	(10,843)
Balance 30 June	**(101,122)**	(56,711)
(b) Movements:		
Share based payment reserve		
Balance 1 July	**4,428,965**	560,279
Share based payment during the year	**4,417,012**	3,868,686
Balance 30 June	**8,845,977**	4,428,965
Accumulated losses		
Movements in accumulated losses were as follows:		
Opening balance	**(74,633,375)**	(44,964,448)
Loss for the year	**(10,254,084)**	(29,668,927)
Balance 30 June	**(84,887,459)**	(74,633,375)

20 Other equity

	2020	2019
	$	$
SAFE notes	2,544,444	-
	2,544,444	-

(i) A Simple Agreement for Future Equity ("SAFE") between Airtasker and Seven West Media agrees that Seven West Media provides for $4,500,000 in funding of which $4,000,000 must be used on advertising services. $500,000 has been received in cash in 2020 financial year. In accordance with the SAFE agreement, Seven West Media has the right to exchange the full purchase amount of $4,500,000 for preference shares in the capital of the Company during the term of the agreement. The SAFE agreement is treated as equity and contains no repayment, interest or security obligations. The SAFE instrument has been issued as a share based payment. The fair value of the SAFE instrument is $2,544,444 as at 30 June 2020. See Note 2(l) for the significant judgements made in relation to the SAFE instrument.

21 Loss per share

	2020	2019
	$	$
Loss after income tax attributable to the owners of Airtasker Pty Limited	(10,254,084)	(29,668,927)
	Cents	Cents
Basic loss per share (i)	(3.53)	(10.21)
Diluted loss per share (i)	(3.53)	(10.21)
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	290,667,000	290,667,000
Weighted average number of ordinary shares used in calculating diluted loss per share	290,667,000	290,667,000

(i) Refer to Note 33 for detailed information on restatement of previously reported amounts.

22 Share-based payments - options

Airtasker Employee Option Plan (AEOP)

The AEOP includes the grants disclosed in Note 23 to Tim Fung.

The expense recognised for employee services received during the year is shown in the following table:

	2020	2019
	$	$
Expense arising from equity-settled share-based payment transactions	4,417,012	3,868,686
Total expense arising from share-based payment transactions	4,417,012	3,868,686

22 Share-based payments - options (continued)

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2020 Number	2020 WAEP	2019 Number	2019 WAEP
Outstanding at 1 July	50,198,974	$0.263	20,789,000	$0.160
Granted during the year	6,844,055	$0.618	30,880,474	$0.348
Forfeited during the year	(4,344,839)	$0.747	(1,470,500)	$0.584
Exercised during the year (i)	(1,896,000)	$0.012	-	
Expired during the year	-		-	
Outstanding at 30 June	50,802,190	$0.279	50,198,974	$0.263
Exercisable at 30 June	20,848,381	$0.251	18,439,821	$0.115

(i) The weighted average underlying share price at grant date of the share options exercised in the current year is $0.045.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2020 was 2.55 years (2019: 3.37 years).

The weighted average fair value of options granted during the year was $0.157 (2019: $0.379).

The range of exercise prices for options outstanding at the end of the year was $0.012 to $0.76 (2019: $0.012 to $0.76).

The following tables list the inputs to the models used for the AEOP plan for the year ended 30 June 2020 and 2019, respectively:

	2020 $	2019 $
Weighted average fair values at the measurement date	**$0.157**	$0.379
Dividend yield (%)	**0%**	0%
Expected volatility (%)	**50%**	50%
Risk-free interest rate (%)	**1.80%**	2.76%
Expected life of share options (years)	**4.28**	4.27
Weighted average share price ($)	**0.47**	0.57
Model used	**Black Scholes**	Black Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

23 Share-based payments - performance rights

a. The share-based payment expense includes of the following arrangements in place at 30 June 2020:

On 21 August 2018, 18,800,000 performance rights were granted to Tim Fung. If the company is to achieve the 6 goals listed in the agreement which results directly or indirectly in a material increase in the Company's revenue or otherwise increases the value of the Company, the performance rights will vest, entitling the holder to 1 fully paid right over employee shares in the Company per vested performance right. The performance rights have an overriding vesting condition on a liquidity event. The performance rights hold no voting or dividend rights and are not transferable and the agreement restricts Tim Fung from selling shares until 2022. At balance date, no Rights have converted or been forfeited. It has been assumed that the performance hurdles will all be achieved.

b. A summary of the movements of all Company performance rights issued as share-based payments is as follows:

	2020 No.	2019 No.
Outstanding at the beginning of the year	**18,800,000**	-
Granted	**-**	18,800,000
Converted to ordinary shares	**-**	-
Expired	**-**	-
Outstanding at year-end	**18,800,000**	18,800,000

The weighted average remaining contractual life of performance rights outstanding at year end was 2.65 years.

The fair value of the performance rights granted to Tim Fung is deemed to represent the value of the Tim Fung's services received over the vesting period. These values were calculated using the Black-Scholes option pricing model, applying the following inputs to performance rights issued:

	Performance Rights
Grant date:	21 August 2018
Grant date share price:	$0.569
Deemed strike price:	$0.084
Fair value per performance right	$0.497
Number of performance rights issued:	18,800,000
Remaining life of the performance rights (years):	2.65
Expected share price volatility:	50%
Risk-free interest rate:	2.87%

24 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 most significant financial risks to which the Group is exposed to is 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.

Risk management is carried out by senior finance executives ("finance") under policies approved by the Board of Directors. 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. Finance reports to the Board of Directors on a monthly basis.

Liquidity risk

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

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

Remaining contractual maturities

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

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 2020	**%**	**$**	**$**	**$**	**$**	**$**
Non-derivatives						
Non-interest bearing						
Trade payables		546,511	-	-	-	546,511
Other payables		1,514,709	-	-	-	1,514,709
Stored value		2,689,671	-	-	-	2,689,671
Director's Loan payable		136,435	-	-	-	136,435
Preference share financial liability (i)		25,072,510	-	-	-	25,072,510
Interest-bearing - fixed rate						
Lease liability	10	485,010	350,515	-	-	835,525
Total non-derivatives	10	30,444,846	350,515	-	-	30,795,361

(i) The preference share financial liability represents the fair value of the financial liability at 30 June 2020. In an Initial Public Offering on the Australian Securities Exchange scenario which the Company is advanced in pursuing, the preference shares will mandatorily convert into ordinary shares.

24 Financial risk management (continued)

Liquidity risk (continued)

Consolidated - 2019	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables		2,856,942	-	-	-	2,856,942
Other payables		681,082	-	-	-	681,082
Stored value		2,147,113	-	-	-	2,147,113
Interest-bearing - fixed rate						
Lease liability	10	451,172	485,010	252,533	-	1,188,715
Total non-derivatives	10	6,136,309	485,010	252,533	-	6,873,852

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is not exposed to any significant market risk (including foreign currency risk, price risk and interest rate risk).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Fair value of financial instruments

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

25 Key management personnel remuneration

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

	2020	2019
	$	$
Short-term employee benefits	**620,707**	413,915
Post-employment benefits	**41,406**	33,921
Long-term benefits	**48,843**	22,640
Share-based payments	**3,796,370**	3,134,201
	4,507,326	3,604,677

26 Contingencies

In the opinion of the Directors, the Group did not have any contingencies as at 30 June 2020 (2019: Nil).

27 Commitments

Capital commitments

As at 30 June 2020, the Group had not entered into any capital commitments (2019: Nil).

28 Related parties

The Group's main related parties are as follows:

Key management personnel - refer to Note 25.

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.

Loans to/from related parties

Tim Fung has provided the Company with an interest free loan of $136,435. There are no restrictions on the loan. The loan was repaid to the director in August 2020.

Terms and conditions

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

Notes to the financial statements

For the Year Ended 30 June 2020

29 Parent entity

Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2020 $	2019 $
Statement of Financial Position		
Assets		
Current assets	**15,386,929**	8,587,887
Non-current assets	**11,459,466**	10,026,704
Total assets	**26,846,395**	18,614,591
Liabilities		
Current liabilities	**32,591,852**	20,844,733
Non-current liabilities	**978,490**	1,250,624
Total liabilities	**33,570,342**	22,095,357
Equity		
Issued capital	**59,487,831**	59,428,897
Reserves	**8,845,977**	4,428,965
Other equity	**2,544,444**	-
Accumulated losses	**(77,602,199)**	(67,338,628)
Total equity	**(6,723,947)**	(3,480,766)
Statement of Profit or Loss and Other Comprehensive Income		
Loss for the year	**(10,263,571)**	(24,557,487)
Other comprehensive income	**-**	-
Total comprehensive loss	**(10,263,571)**	(24,557,487)

Guarantees

The parent entity has not entered into any guarantees during the year ended 30 June 2020 (2019: Nil).

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2020 (2019: Nil).

Contractual commitments

The parent entity did not have any commitments as at 30 June 2020 (2019: Nil).

29 Parent entity (continued)

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

30 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(d).

Name of entity	Country of incorporation / Class of shares	Equity holding (%) 2020	Equity holding (%) 2019
Subsidiaries:			
Airtasker (AU) Pty Ltd	Australia / Ordinary	**100**	100
Airtasker UK Pty Ltd	UK / Ordinary	**100**	100

31 Events occurring after the reporting date

The impact of the COVID-19 pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by governments in Australia and other countries, such as social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 9 January 2021, the Company changed its name from Airtasker Pty Ltd to Airtasker Limited and converted to an unlisted public company limited by shares.

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

Notes to the financial statements

For the Year Ended 30 June 2020

32 Cash flow information

(a) Reconciliation of cash flow from operations with loss after income tax

	2020	2019
	$	$
Loss after income tax	**(10,254,084)**	(29,668,927)
Non-cash flows in loss:		
- depreciation-property, plant and equipment	**351,572**	394,738
- depreciation - right-of-use assets	**430,011**	430,011
- amortisation	**447,645**	87,251
- write off intangible assets	**-**	599,378
- share based payment expense	**4,417,012**	3,868,686
- non-cash release of marketing expenses	**-**	2,921,857
- others	**116,706**	(176,019)
- interest on financial instrument	**-**	1,079,363
- loss/(gain) on financial instrument	**97,927**	(109,202)
- fair value movement on preference share financial liability (i)	**2,955,121**	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(138,280)**	847,826
- (increase)/decrease in other assets	**66,352**	(556,574)
- decrease in inventories	**-**	9,529
- increase in trade and other payables (i)	**1,020**	941,141
- increase in stored value	**542,558**	1,588,843
- increase in employee provisions	**318,103**	69,254
Cashflows from operations	**(648,337)**	(17,672,845)

(i) Refer to Note 33 for detailed information on restatement of previously reported amounts.

(b) Non-cash financing and investing activities

	2020	2019
Convertible notes and SAFE notes	**4,000,000**	2,000,000

(c) Changes in liabilities arising from financing activities

	Convertible notes and SAFE notes	Lease liabilities	Total
	$	$	$
Balance at 1 July 2018	**-**	**1,553,043**	**1,553,043**
Net cash from/(used in) financing activities	**9,790,000**	**(364,328)**	**9,425,672**
Balance at 30 June 2019	**9,790,000**	**1,188,715**	**10,978,715**
Balance at 1 July 2019	9,790,000	1,188,715	10,978,715
Net cash from financing activities	500,000	(353,190)	146,810
Conversion to preference shares	(9,790,000)	-	(9,790,000)
Balance at 30 June 2020	500,000	835,525	1,335,525

33 Restatement of previously reported amounts

Management has identified an error in the financial statements for the year ended 30 June 2020 and subsequent to sign off the below two areas have been amended in the financial statements as follows:

i. the consolidated statement of financial position initially disclosed preference shares as equity for the year ended 30 June 2020. Following further technical accounting advice this has been reclassified as a financial liability due to the contingent event of a trade sale being outside the control of the Company under AASB 132: Financial Instruments: Presentation. This has resulted in a change in fair value of the preference share financial liability through profit and loss charge of $2,955,121 being recorded in the consolidated statement of profit and loss and other comprehensive income. The impact on the consolidated statement of financial position is a decrease to equity of $22,117,389 and increase to the preference share financial liability of $25,072,510 and an increase to accumulated losses of $2,955,121.

ii. the consolidated statement of cash flows of the financial statements for the year ended 30 June 2020 incorrectly included a non-cash flow amount of $1,472,030 (Note 18 (i)) within the net proceeds from share capital raised and the payments to suppliers and employees.

Consolidated statement of comprehensive income (extract)

	2020 Reported $	Adjustment $	2020 Restated $
Revenue	19,259,106	-	19,259,106
Other income	119,991	-	119,991
Employee benefits expense	(18,152,096)	-	(18,152,096)
Sales and marketing expense	(1,157,201)	-	(1,157,201)
General and admin expense	(6,043,100)	-	(6,043,100)
Depreciation and amortisation expense	(1,229,228)	-	(1,229,228)
Finance costs	(96,435)	(2,955,121)	(3,051,556)
Loss before income tax	(7,298,963)	(2,955,121)	(10,254,084)
Income tax expense	-	-	-
Loss for the year	(7,298,963)	(2,955,121)	(10,254,084)
Other comprehensive loss			
Exchange differences on translation for foreign operations	(44,411)	-	(44,411)
Total comprehensive loss for the year	**(7,343,374)**	**(2,955,121)**	**(10,298,495)**

	Cents Reported	Adjustment	Cents Restated
Loss per share for loss attributable to the owners of Airtasker Pty Limited			
Basic loss per share	(2.51)	(1.02)	(3.53)
Diluted loss per share	(2.51)	(1.02)	(3.53)

Notes to the financial statements

For the Year Ended 30 June 2020

33 Restatement of previously reported amounts (continued)

Consolidated statement of financial position (extract)

	2020 Reported $	Adjustment $	2020 Restated $
ASSETS			
Current assets			
Cash and cash equivalents	13,097,265	-	13,097,265
Trade and other receivables	218,955	-	218,955
Other current assets	2,880,722	-	2,880,722
Total current assets	16,196,942	-	16,196,942
Non-current assets			
Plant and equipment	567,343	-	567,343
Right-of-use assets	551,333	-	551,333
Intangible assets	2,453,445	-	2,453,445
Other non-current assets	196,811	-	196,811
Total non-current assets	3,768,932	-	3,768,932
Total assets	19,965,874	-	19,965,874
LIABILITIES			
Current liabilities			
Trade and other payables	4,887,326	-	4,887,326
Contract liabilities	337,160	-	337,160
Lease liabilities	485,010	-	485,010
Provisions	1,967,844	-	1,967,844
Employee benefits	734,945	-	734,945
Financial liabilities	97,927	25,072,510	25,170,437
Total current liabilities	8,510,212	25,072,510	33,582,722
Non-current liabilities			
Lease liabilities	350,515	-	350,515
Employee benefits	142,966	-	142,966
Total non-current liabilities	493,481	-	493,481
Total liabilities	9,003,693	25,072,510	34,076,203
Net assets/(liabilities)	10,962,181	(25,072,510)	(14,110,329)
EQUITY			
Issued capital	81,605,220	(22,117,389)	59,487,831
Reserves	8,744,855	-	8,744,855
Other equity	2,544,444	-	2,544,444
Accumulated losses	(81,932,338)	(2,955,121)	(84,887,459)
Total equity/(deficit)	10,962,181	(25,072,510)	(14,110,329)

Notes to the financial statements

For the Year Ended 30 June 2020

33 Restatement of previously reported amounts (continued)

Consolidated statement of cash flows (extract)

	2020 Reported $	Adjustment $	2020 Restated $
Cash flows from operating activities:			
Receipts from customers from revenue (inclusive of GST)	**21,518,988**	**-**	21,518,988
Payments to suppliers and employees (inclusive of GST)	**(23,602,577)**	**1,472,030**	(22,130,547)
Interest received	**59,657**	**-**	59,657
Interest paid on lease liabilities	**(96,435)**	**-**	(96,435)
Net cash used in operating activities	**(2,120,367)**	**1,472,030**	(648,337)
Cash flows from investing activities:			
Proceeds from sale of plant and equipment	**2,923**	**-**	2,923
Purchase of property, plant and equipment	**(108,294)**	**-**	(108,294)
Payment for intangible asset	**(2,469,430)**	**-**	(2,469,430)
Net cash used in investing activities	**(2,574,801)**	**-**	(2,574,801)
Cash flows from financing activities:			
Net proceeds from share capital raised	**11,829,786**	**(1,472,030)**	10,357,756
Net proceeds from SAFE notes and convertible notes issued	**500,000**	**-**	500,000
Payment of lease liabilities	**(353,190)**	**-**	(353,190)
Net cash provided by financing activities	**11,976,596**	**(1,472,030)**	10,504,566
Net increase/(decrease) in cash and cash equivalents held	**7,281,428**	**-**	7,281,428
Cash and cash equivalents at beginning of year	**5,815,837**	**-**	5,815,837
Cash and cash equivalents at end of financial year	**13,097,265**	**-**	13,097,265

Notes to the financial statements

For the Year Ended 30 June 2020

33 Restatement of previously reported amounts (continued)

(a) Reconciliation of cash flow from operations with loss after income tax

	2020 Reported $	Adjustment $	2020 Restated $
Loss after income tax	(7,298,963)	(2,955,121)	(10,254,084)
Non cash flows in loss:			
- depreciation property, plant and equipment	351,572	-	351,572
- depreciation - right of use assets	430,011	-	430,011
- amortisation	447,645	-	447,645
- write off intangible assets	-	-	-
- share based payment expense	4,417,012	-	4,417,012
- others	116,706	-	116,706
- loss/(gain) on financial instrument	97,927	-	97,927
- fair value movement on preference share financial liability	-	2,955,121	2,955,121
Changes in assets and liabilities:			
- (increase)/decrease in trade and other receivables	(138,280)	-	(138,280)
- (increase)/decrease in other assets	66,352	-	66,352
- increase in trade and other payables	(1,471,010)	1,472,030	1,020
- increase in stored value	542,558	-	542,558
- increase in employee provisions	318,103	-	318,103
Cashflows from operations	(2,120,367)	1,472,030	(648,337)

34 Group details

The registered office of the Group is:
Charternet Services Pty Limited
2003 Level 20, 109 Pitt Street, Sydney NSW 2000

The principal place of the Group is:
Level 3, 71 York Street, Sydney NSW 2000

Directors' Declaration

The directors of the Group declare that:

1. the consolidated financial statements and notes for the year ended 30 June 2020 and 30 June 2019:

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

   b. 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 Group will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

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

Director ....

Director ....

Dated: 1/2/2021

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INDEPENDENT AUDITOR'S REPORT
To the Members of Airtasker Pty Ltd

Opinion

We have audited the financial report of Airtasker Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020 and 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows or the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion the accompanying financial report presents fairly, in all material respects, (or *gives a true and fair view of*) the financial position of Airtasker Pty Ltd and its subsidiaries as at 30 June 2020 and 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

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

Emphasis of matter: Reissue of financial report

As indicated in Note 33, the attached financial report of Airtasker Pty Ltd for the year ended 30 June 2020 is a reissued financial report and supersedes the financial report signed by the directors on 17 December 2020. The audit report supersedes our audit report dated 17 December 2020 relating to the previously issued and now superseded financial report. Our opinion is not modified in respect of this matter.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 and 30 June 2019 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.
In preparing the financial report, management is responsible for assessing the Airtasker Pty Ltd's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Airtasker Pty Ltd or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

RSM

RSM AUSTRALIA PARTNERS

GNS

G N SHERWOOD
Partner

Sydney, NSW
Dated: 2 February 2021