Bravura Solutions Holdings Pty Ltd

ACN 164 391 128

Financial report
for the year ended 30 June 2015

Bravura Solutions Holdings Pty Ltd ACN 164 391 128
Financial report - 30 June 2015

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Directors' report

The Directors present their report on the consolidated entity (referred to hereafter as the consolidated entity) consisting of Bravura Solutions Holdings Pty Ltd and the entities it controlled (“Bravura”) or the (“Group”) at the end of, or during, the year ended 30 June 2015.

Directors
The following persons were Directors of Bravura during the whole of the financial year and up to the date of this report, unless otherwise stated:

Brian Mitchell
Edoardo Bigazzi (resigned 21 July 2015)
Neil Broekhuizen
Tony Klim
Martin Deda (appointed 22 September 2014)

Principal activities
The principal activities of the consolidated entity consisted of the provision of professional consulting services and the development, licensing and maintenance of highly specialised administration and management software applications for the Transfer Agency and Wealth Management sectors of the financial services industry.

On 10 October 2013, Bravura Solutions Holdings Pty Ltd, an entity ultimately owned by funds managed and advised by Ironbridge Capital Holdings Pty Ltd (“the Ironbridge Funds”), completed the privatisation of Bravura Solutions Pty Ltd (formerly Bravura Solutions Limited) via a Scheme of Arrangement. Through this transaction the Ironbridge Funds rolled over their existing 67.1% stake in Bravura Solutions Pty Ltd (formerly Bravura Solutions Limited) into Bravura Solutions Holdings Pty Ltd (formerly Stockholm Solutions Holdings Pty Ltd) and the remaining 32.9% held by non Ironbridge investors was acquired for a cash consideration of $0.28 per share.

The comparative period in the financial report presented for the consolidated entity is for the nine month period post acquisition until 30 June 2014 and represents the first period of financial statement preparation by Bravura.

Dividends
No dividends were paid during the period. There have been no dividends declared or proposed during the financial period and up to the date of this report.

Review of operations

Sales revenue for the year was $152.1 million which included $76.5 million from Wealth Management and $75.6 million from Transfer Agency. The financial period saw increasing activity which will continue to drive revenue for the business. Two new Wealth Management contracts for Sonata were signed, one in the EMEA region and one in the APAC region. Sonata implementations were completed for VicSuper and Trustees Executors Limited, both in the APAC region.

The Board maintained a steady focus on operating costs as a percentage of revenue with effort on expanding resources in low cost countries to assist in overall cost management and further improve client focus.

The Group continues to invest in research and development, to ensure our products meet market needs and are continuously updated with the latest requirements. The total spend during FY2015 focused on progressing the road map for Sonata was $10.9 million, of which $8.7 million was capitalised as intangible assets.

Although the Group has a net current liability position of $12.1 million, $22.1 million of current liabilities relate to deferred revenue. The Board notes that the consolidated entity had a strong cash balance of $18.9 million and positive cash flows from operating activities of $19.6 million. The Group also has a negative net assets position of $12.1 million. The Group has undrawn credit limit lines totalling $4.9 million. Cash flow forecasts based on projected activity and business volumes indicate that the Group will be able to pay its creditors as and when due for at least 12 months from the date of approval of the financial statements, and that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements as at 30 June 2015. Accordingly, these financial statements have been prepared on a going concern basis.

The comprehensive loss for the consolidated entity after providing for income tax for the year ended 30 June 2015 amounted to $89.6 million, which includes goodwill and intangibles impairment charges of $80.7 million, the majority relating to the Transfer Agency business unit.

EBITDA and net earnings for the reporting period and the 9-months prior year period, adjusted for one-off and non-recurring items was as follows:

	Notes	**2015** **$'000**	2014 $'000
Revenue from continuing operations	5	**152,109**	106,886
Employee benefits expense	6	**(96,106)**	(63,866)
Third party cost of sales		**(15,434)**	(8,940)
Travel and entertainment costs		**(4,870)**	(2,990)
Occupancy costs		**(6,563)**	(4,099)
Telecommunications costs	6	**(5,785)**	(4,489)
Research and development	6	**(2,228)**	(1,289)
Other expenses (excluding non-recurring)	6	**(3,649)**	(2,710)
Underlying EBITDA		**17,474**	18,503
Depreciation and amortisation expense	6	**(13,484)**	(10,808)
Underlying EBIT		**3,990**	7,695
Finance costs	6	**(5,428)**	(4,433)
Foreign exchange gain / (loss)	6	**(3,583)**	(2,345)
Underlying loss before income tax		**(5,021)**	917
Other non-recurring expenses	6	**(436)**	(8,806)
Impairment expense	6	**(80,685)**	-
Income tax (expense) / benefit	7	**(3,343)**	344
Loss from continuing operations		**(89,485)**	(7,545)

As at 30 June 2015 Bravura employed 933 people staffing 16 offices across Australia, New Zealand, Asia, India, United Kingdom, Europe, and South Africa.

Matters subsequent to the end of the financial year
There have been no matters or circumstances which have arisen since 30 June 2015 that have significantly affected, or may significantly affect:

(a) the consolidated entity's operations or
(b) the results of those operations or
(c) the consolidated entity's state of affairs

in future financial years.

Likely developments and expected results of operations
Bravura will continue to focus on accelerating the adoption of Sonata as wealth management and life insurance application of choice in both EMEA and APAC as well as expanding its managed services model in APAC. Enhanced strategic relationships with existing clients are key with a focus on regulatory changes and product enhancements where required.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Commonwealth or State law.

Information on Directors

Brian Mitchell, Fellow of the Australian Institute of Company Directors, a Fellow of the Australian Marketing Institute, and an Associate Fellow of the Australian Institute of Management. *Chairman and Non-executive Director.*

Experience and expertise
Brian Mitchell has over 30 years of experience in the IT industry, with broad experience in the hardware, software and services sectors. His experience has been gained from working in the UK, Australia, Asia Pacific and the United States of America (USA).

He has held various senior management roles with organisations such as Oracle, IBM Corporation, BIS Banking Systems and Digital Equipment Corporation. He has participated as a Board member for a number of private companies, as well as acting as Chairman.

Neil Broekhuizen CA, B.Sc (Eng) Hons. *Non-executive Director.*

Experience and expertise
Neil Broekhuizen has over 20 years of experience in the finance industry including the last 15 years in private equity with Investcorp and Bridgepoint in Europe and with Gresham Private Equity and Ironbridge in Australia.
Since co-founding Ironbridge in 2003, Neil has helped grow the business into a leading Australasian Private Equity Manager with funds under management of A$1.5 billion.

Tony Klim B.Sc (Physics Hons). *CEO and Managing Director.*

Experience and expertise
Tony Klim has over 30 years of experience in international financial services and has held a number of executive and board positions with private and listed companies focused on technology and outsourcing in support of the international financial services market. He has extensive experience in M&A, and in his previous role he sponsored the acquisition of the UK's leading financial intermediary portal, the Exchange. Over the years, he has been instrumental in the development of new products and services targeted at the independent financial advisor community.

Prior to joining Bravura Solutions Pty Ltd in February 2008 as the CEO for Europe, Middle East and Africa (EMEA), Tony was a strategic consultant in the financial services sector. He has specialised in high growth businesses, and is a pioneer in internet banking and payment systems. His track record includes a number of strategic advisory and management roles for major international banks, life companies and technology businesses.

Martin Deda MBA, BSc, FCPA, Graduate of the Australian Institute of Company Directors. *CFO and Executive Director.*

Experience and expertise
Martin Deda has over 19 years' experience in senior finance and operations roles, predominately within the IT and professional services industry sectors.

Throughout his career, Martin has added significant value to the private and public companies he has worked for across Australia, Asia, UK, Continental Europe and the US, improving business profitability and deriving value from M&A transactions.

He has extensive experience in financial and management accounting and reporting, tax, treasury, commercial, M&A and bid & contract management, investor relations, company secretarial, facilities management, IT infrastructure, applications and support, and shares services.

Prior to joining Bravura Solutions in September 2014, Martin was the Chief Operating Officer / Chief Financial Officer for top tier law firm Minter Ellison. He previously held C-level positions at ASX200 listed global Healthcare IT provider, iSOFT Ltd and CSC for Central and Eastern Europe. He has also held senior finance and operations roles at TNT and StorageTek in EMEA.

Company Secretary
No Company Secretary has been appointed for Bravura Solutions Holdings Pty Ltd.

Insurance of Directors and officers
During the financial year, Bravura paid a premium in respect of a contract to insure the Directors of Bravura against a liability as such a director to the extent permitted by the *Corporations Act 2001.* The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Proceedings on behalf of Bravura

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of Bravura, or to intervene in any proceedings to which Bravura is a party, for the purpose of taking responsibility on behalf of Bravura for all or part of those proceedings.

Auditor's Independence declaration

A copy of the Auditor's Independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Rounding of amounts

Bravura is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

Ernst and Young continue in office in accordance with section 327 of the *Corporations Act 2001.*

Share options

Unissued shares

As at the date of this report there were Nil unissued ordinary shares under options.

Shares issued as a result of the exercise of options

No options to acquire shares were held by employees and executives during the period.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors Ernst & Young, as part of the terms of its audit engagement agreement against claims made by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

This report is made in accordance with a resolution of Directors.

B.A. Mitchell

Brian Mitchell
Chairman and Non-Executive Director

Sydney
23 September 2015

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Auditor's Independence Declaration to the Directors of Bravura Solutions Holdings Pty Ltd

In relation to our audit of the financial report of Bravura Solutions Holdings Pty Ltd for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

E. A. Lang
Partner
23 September 2015

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Bravura Solutions Holdings Pty Ltd and its subsidiaries. The financial statements are presented in Australian dollars.

Bravura Solutions Holdings Pty Ltd is a "for-profit" entity incorporated and domiciled in Australia. The entity is ultimately owned by funds managed and advised by Ironbridge Capital Holdings Pty Ltd ("the Ironbridge Funds"). Its registered office and principal place of business are as follows:

Registered Office:
Bravura Solutions Holdings Pty Ltd
Level 6, 345 George Street
Sydney NSW 2000

Principal Place of Business:
Bravura Solutions Pty Ltd
Level 6, 345 George Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report on pages 3 to 6, which is not part of these financial statements.

The financial statements were authorised for issue in accordance with a resolution of the Directors' on 23 September 2015.

	Notes	**2015 $'000**	2014 $'000
Revenue from continuing operations	5	**152,109**	106,886
Employee benefits expense	6	**(96,106)**	(63,866)
Depreciation, amortisation and impairment expense	6	**(94,169)**	(10,808)
Third party cost of sales		**(15,434)**	(8,940)
Travel and entertainment costs		**(4,870)**	(2,990)
Occupancy costs		**(6,563)**	(4,099)
Telecommunications costs	6	**(5,785)**	(4,489)
Research and development	6	**(2,228)**	(1,289)
Other expenses	6	**(7,668)**	(13,861)
Finance costs	6	**(5,428)**	(4,433)
Loss before income tax		**(86,142)**	(7,889)
Income tax (expense) / benefit	7	**(3,343)**	344
Loss from continuing operations		**(89,485)**	(7,545)
Other comprehensive income will be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences on translation of foreign operations	28(a)	**(100)**	448
Total comprehensive loss for the year		**(89,585)**	(7,097)
Loss is attributable to:			
Owners of Bravura Solutions Holdings Pty Ltd	28(b)	**(89,485)**	(7,545)
Total comprehensive loss for the year is attributable to:			
Owners of Bravura Solutions Holdings Pty Ltd		**(89,585)**	(7,097)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

	Notes	**2015 $'000**	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**18,882**	18,425
Trade and other receivables	9	**26,611**	24,515
Current tax asset	10	**-**	1,351
Other current assets	11	**3,218**	2,999
Total current assets		**48,711**	47,290
Non-current assets			
Receivables	12	**-**	816
Other financial assets	13	**193**	649
Property, plant and equipment	14	**12,263**	12,746
Deferred tax assets	15	**1,124**	5,786
Intangible assets	16	**104,527**	184,490
Total non-current assets		**118,107**	204,487
Total assets		**166,818**	251,777
LIABILITIES			
Current liabilities			
Trade and other payables	17	**13,098**	10,336
Borrowings	18	**13,182**	12,863
Provisions	19	**6,511**	5,607
Provisions for income Tax		**177**	-
Deferred revenue	20	**22,075**	19,497
Other current liabilities	21	**5,731**	4,292
Total current liabilities		**60,774**	52,595
Non-current liabilities			
Borrowings	22	**60,065**	61,090
Other financial liabilities	23	**52,332**	52,332
Deferred tax liabilities	24	**2,495**	6,229
Provisions	25	**2,736**	2,124
Other non-current liabilities	26	**538**	574
Total non-current liabilities		**118,166**	122,349
Total liabilities		**178,940**	174,944
Net assets/(liabilities)		**(12,122)**	76,833
EQUITY			
Contributed equity	27	**84,560**	83,930
Reserves	28(a)	**348**	448
Accumulated losses	28(b)	**(97,030)**	(7,545)
Total equity		**(12,122)**	76,833

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

	Notes	Contributed equity $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 October 2013		-	-	-	-
Loss for the period	28(b)	-	-	(7,545)	(7,545)
Other comprehensive income	28(a)	-	448	-	448
Total comprehensive income/(loss) for the period		-	448	(7,545)	(7,097)
Transactions with owners in their capacity as owners:					
Issue of shares	27(b)	83,930	-	-	83,930
Balance at 30 June 2014		83,930	448	(7,545)	76,833
Balance at 1 July 2014		**83,930**	**448**	**(7,545)**	**76,833**
Loss for the period	28(b)	**-**	**-**	**(89,485)**	**(89,485)**
Other comprehensive income/(loss)	28(a)	**-**	**(100)**	**-**	**(100)**
Total comprehensive loss for the period		**-**	**(100)**	**(89,485)**	**(89,585)**
Transactions with owners in their capacity as owners:					
Issue of shares	27(b)	**630**	**-**	**-**	**630**
Balance at 30 June 2015		**84,560**	**348**	**(97,030)**	**(12,122)**

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

	Notes	**2015 $'000**	2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**174,629**	122,880
Payments to suppliers and employees (inclusive of goods and services tax)		**(150,648)**	(103,797)
		23,981	19,083
Interest received	5	**20**	6
Interest and other finance costs paid		**(3,884)**	(2,687)
Income taxes paid		**(469)**	(1,680)
Net cash inflow from operating activities	36	**19,648**	14,722
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	4	**-**	(54,584)
Payments for property, plant and equipment	14	**(2,894)**	(908)
Payments for intangibles	16	**(8,765)**	(3,724)
Net cash outflow from investing activities		**(11,659)**	(59,216)
Cash flows from financing activities			
Proceeds from share issue	27(b)	**500**	3,380
Lease payments		**(3,801)**	(2,724)
Proceeds from borrowings		**8,801**	71,872
Repayment of borrowings		**(13,618)**	(10,014)
Net cash (outflow)/inflow from financing activities		**(8,118)**	62,514
Net (decrease)/increase in cash and cash equivalents		**(129)**	18,020
Cash and cash equivalents at the beginning of the financial year		**18,425**	-
Effects of exchange rate changes on cash and cash equivalents		**586**	405
Cash and cash equivalents at end of year	8	**18,882**	18,425

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

Contents of the notes to the consolidated financial statements

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Bravura and its subsidiaries. The comparative period includes earnings and cash flows from 10 October 2013, which is the date Bravura Solutions Holdings Pty Ltd completed the privatisation of Bravura Solutions Pty Ltd via a Scheme of Arrangement. The comparative period has been adjusted to align to the reporting period presentation.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

(i) Statement of Compliance
The consolidated financial statements of the consolidated entity comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB) and *Corporations Act 2001*.

(ii) Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

(iii) Critical accounting estimates
The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity'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.

(b) Going Concern

The consolidated entity has net current liabilities of $12.1 million. The $60.8 million of total current liabilities includes $22.1 million of deferred revenue. The consolidated entity had a strong cash balance of $18.8 million and positive cash flows from operating activities of $19.6 million. The consolidated entity also has a negative net assets position of $12.1 million. The consolidated entity has undrawn credit limit lines totalling $4.9 million. Cash flow forecasts based on projected activity and business volumes indicate that the consolidated entity will be able to pay its creditors as and when due for at least 12 months from the date of approval of the financial statements, and that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements as at 30 June 2015. Accordingly, these financial statements have been prepared on a going concern basis.

1 Summary of significant accounting policies (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Bravura Solutions Holdings Pty Ltd (''Company'' or ''parent entity'') and its subsidiaries ("the Group") as at 30 June 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation unless the transaction provides evidence of the impairment of that asset transferred.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the consolidated 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 Bravura's functional and presentation currency.

Each entity in the consolidated entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

1 Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

The functional currencies of the overseas subsidiaries are as follows:

a) Bravura Solutions (NZ) Ltd – New Zealand dollars (NZ$)
b) Bravura Solutions (UK) Holdings Ltd – Australian dollars (AU$)
c) Bravura Solutions (UK) Investments Ltd – British pounds (UK£)
d) Bravura Solutions (UK) Ltd – British pounds (UK£)
e) Bravura Solutions (HK) Ltd – United States dollars (US$)
f) Bravura Solutions Luxembourg Holdings S.à.r.l. – Euro (€)
g) Bravura Software Solutions (SA) (Proprietary) Ltd – South African Rand (ZAR)
h) Bravura Solutions (Poland) Holdings S.P. ZOO – Zloty (PLN)
i) Bravura Solutions Polska Sp. Z OO – Zloty (PLN)
j) Mutual Fund Technologies Ltd – British pounds (UK£)
k) Bravura Solutions Services (UK) Ltd – British pounds (UK£)
l) Bravura Solutions (Thailand) Company Ltd – Thai Baht (THB)
m) Bravura Solutions India Private Ltd – Indian Rupee (INR)

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Bravura at the rate of exchange ruling at the balance sheet date and revenues, expenses and other comprehensive income are translated at the weighted average exchange rates for the period.

The exchange differences arising on the re-translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Consolidated Statement of Comprehensive Income.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The consolidated entity derives its revenues from the licence of its software products and of support, consulting, development, training and other professional services. The vast majority of its software arrangements include support services and a few also include professional services.

The consolidated entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the consolidated entity's activities as described below. The consolidated entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Licence fees
Provided that the arrangement does not involve significant production, modification, or customisation of the software, the consolidated entity recognises the revenue when all of the following four criteria have been met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred;
- The fee is fixed or determinable; and
- Collectability is probable.

1 Summary of significant accounting policies (continued)

(e) Revenue recognition (continued)

Licence fees recognised upfront are recognised at the present value of the related future contractual revenue streams, discounted at the discount rate applicable to the debtor which is approximate to Bravura's incremental borrowing rate, with the discount being unwound through profit and loss over the period of the agreements and presented as interest income.

(ii) Maintenance and support fees
Maintenance and support revenue is recognised on a straight line basis over the period of the contract.

(iii) Professional services fees
Revenue is recognised on a time and material basis at monthly intervals.

In the case of fixed agreements and where the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion of the contract at the reporting date. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

(iv) Revenue on multiple-element arrangements
Arrangements usually provide licence for software products and services such as post-contract customer support. Revenue is allocated to each element based on its respective fair value, based on the cost to deliver the services plus an acceptable margin. Refer to note 2(b) for basis of calculation.

(v) Deferred revenue
Fees for services received in advance are recorded as a liability within deferred revenue on the Consolidated Statement of Financial Position and these amounts are amortised to profit or loss over the life of the contract which is in line with the provision of the services.

(vi) Interest income
Interest income is recognised using the effective interest method. When a receivable is impaired, the consolidated entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(vii) Dividends
Dividends are recognised as revenue when the right to receive payment is established.

(viii) *Other revenue*
Other revenue is recognised when the right to receive payment is established.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

1 Summary of significant accounting policies (continued)

(f) Income tax (continued)

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

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Tax consolidation legislation
The Group formed a tax consolidated group from 10 October 2014. The tax consolidated group's current tax expense and other deferred tax assets are required to be allocated to the members of the tax consolidated group in accordance with UIG 1052. The consolidated entity uses a group allocation method for this purpose where the allocated current tax payable, current tax loss, deferred tax assets and other tax credits for each member of the tax consolidated group is determined as if the Group is a stand-alone tax payer but modified as necessary to recognise membership of a tax consolidated group. Recognition of amounts allocated to members the tax consolidated group has regard to the tax consolidated group's future taxable profits.

(g) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs.

The leased asset is depreciated on a straight-line basis over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, it is depreciated over the life of the asset.

Other operating lease payments are charged to profit or loss in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the consolidated entity. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the consolidated entity recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the consolidated entity's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

1 Summary of significant accounting policies (continued)

(h) Business combinations (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

At each reporting date, the consolidated entity assesses whether there is any indication that an asset may be impaired, or more frequently if events or changes in circumstances indicate that they might be impaired. Where an indicator exists, the consolidated entity makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered to be impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Non-financial assets other than goodwill that suffer an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(j) Cash and cash equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

(k) Trade receivables

Trade receivables are carried at the original invoice amount, less provision for impairment. Trade receivables are generally due for settlement within 30 to 90 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

1 Summary of significant accounting policies (continued)

(k) Trade receivables (continued)

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Receivables from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

(l) Investments and other financial assets

Classification
The consolidated entity classifies its financials assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 9) and receivables in the Consolidated Statement of Financial Position.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated entity's management has the positive intention and ability to hold to maturity. If the consolidated entity were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(iv) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Financial assets – re-classification
The consolidated entity may choose to re-classify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be re-classified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the consolidated entity may choose to re-classify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the consolidated entity has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of re-classification.

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade date, the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are re-classified to profit or loss as gains and losses from investment securities.

1 Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

Subsequent measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the consolidated entity's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 3.

Impairment
The consolidated entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is re-classified from equity and recognised in the profit or loss as a re-classification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available for sale are not reversed through profit or loss.

If there is evidence of impairment for any of the consolidated entity's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

(m) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The consolidated entity designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- Hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- Hedges of a net investment in a foreign operation (net investment hedges).

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss. Per Note 13(a) hedge accounting does not apply.

1 Summary of significant accounting policies (continued)

(n) Redeemable Preference Shares

Redeemable preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the redeemable preference shares, the fair value of the liability component (where there is a contractual obligation to transfer cash to the holder of the share) is determined using a market rate for an equivalent non-redeemable instrument. The amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on redemption.

The remainder of the proceeds is recognised in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the equity component is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the redeemable preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

(o) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or related parties are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(p) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the lease term or as follows:

Leasehold improvements	Term of lease
Furniture and fittings	20%
Plant and equipment	20% to 33%

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 [note 1(i)].

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are included in profit or loss.

1 Summary of significant accounting policies (continued)

(q) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the consolidated entity's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

(ii) Business contracts and relationships
Business contracts and relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of between two and twenty years.

(iii) Intellectual property and software development
Intellectual property and software development are capitalised as an asset and are amortised on a straight-line basis over the period of their expected benefit, being their finite life of five to fifteen years.

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the consolidated entity can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project date.

Technological feasibility for software products is reached shortly before the products are released for commercial sale to customers. Costs incurred after technological feasibility is established are not material and, accordingly, all research and development costs are expensed when incurred.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

(r) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised in accordance with the effective interest rate method of the facility to which it relates.

(t) Borrowing costs

Borrowing costs are expensed as incurred, except where they are directly attributable to the acquisition, contribution or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. The consolidated entity does not currently hold qualifying assets.

1 Summary of significant accounting policies (continued)

(u) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made regarding 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(v) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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

(w) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Consolidated 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 taxation authority, are presented as operating cash flows.

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

1 Summary of significant accounting policies (continued)

(y) Fair value measurement

AASB13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB7 *Financial Instruments: Disclosures*. These changes have no significant impact on the consolidated entity's disclosures as the carrying amount of the assets and liabilities are a reasonable approximation of their fair value.

In accordance with the transitional provisions of AASB13 the consolidated entity has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the consolidated entity's assets and liabilities.

(z) Rounding of amounts

The consolidated entity is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(aa) New and amended standards and interpretations

The consolidated entity has adopted all new and amended Australian Accounting Standards and Interpretations that became mandatory for the first time for the financial year beginning 1 July 2014.

The adoption of these standards and interpretations did not have any impact on the current period or any prior period.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the consolidated entity. The consolidated entity's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments

AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially- reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. The consolidated entity has assessed the impact of this revised Standard to be insignificant to the consolidated financial statements.

AASB 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying a set of steps. The AASB issued the Australian equivalent of IFRS 15, being AASB 15, in December 2014. Currently, these standards are effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.

At this stage the consolidated entity is not able to estimate the impact of the new Standard on the consolidated financial statements.

1 Summary of significant accounting policies (continued)

(ab) Parent Entity financial information

The financial information for the parent entity of *Bravura* is disclosed in note 37 and has been prepared on the same basis as the consolidated financial statements, except as set out below.

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

(ii) Tax consolidation legislation
The Group have adopted and complied with the tax consolidation legislation.

The head entity, Bravura Solutions Pty Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

(iii) Financial guarantees
Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(iv) Share-based payments
The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the consolidated entity is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill
The consolidated entity determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

(ii) Income taxes
Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(iii) Long service leave provision
A provision has been made for the present value of the anticipated costs to meet the consolidated entity's long service leave liabilities under Australian federal and state laws. The calculation of this provision requires assumptions such as an estimation of the probability that an employee will remain with the consolidate entity until they reach the entitlement period. The probability factors applied to pro-rated entitlements are based on company and industry specific data. Adjustments are made to these probabilities when considered necessary

(iv) Revenue recognition
The consolidated entity determines the amount of revenue to be recognised on project in progress based on the estimated amount of work completed in relation to the projects. This estimation is based on management's assessment of costs incurred as well as an estimation of the percentage of the project completed.

Where the consolidated entity enters into a maintenance and support agreement with a customer as part of a multiple element arrangement, the fair value of the maintenance component is calculated based on the estimated direct cost of delivering the maintenance and support plus acceptable margin. The licence fee component of the multiple element arrangement is adjusted accordingly.

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(b) Critical judgements in applying the entity's accounting policies

Useful lives of assets
The estimation of the useful lives of assets has been based on historical experience as well as average length of customer contracts and specific industry technology factors for intangible assets, manufacturers' warranties (for plant and equipment) and lease terms (for leased equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Litigation and claims
The consolidated entity continually monitors ongoing and potential litigation and claims and assesses whether there is any present obligation (legal or constructive) as a result of a past event which would give rise to a probable outflow of economic benefits in order to settle the obligation and whether a reliable estimate can be made of the amount of the obligation. Factors considered by the consolidated entity with regard to potential or ongoing litigation include a probability assessment carried out in consultation with legal advisors. Based on advice received and status of the situation at the time of finalising the financial statements provisions will be made accordingly. Where conditions requiring a provision are not met, no such provision will be recognised by the consolidated entity.

Where the possibility of any outflow in any settlement is contingent upon one or more conditions being met, judgement is applied to determine the estimated financial impact of any settlement and whether the possibility of outflow is remote. Where the possibility of outflow is remote, no disclosure of any contingent liability has been made.

3 Financial risk management

(a) Liquidity risk

Financing arrangements
Undrawn borrowing facilities at the reporting date to which the consolidated entity had access are disclosed in note 22.

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity 2.25 years.

The consolidated entity's financing arrangements impose certain covenants on the entity, if breached, the financiers may at any time declare that the loans become due and payable. There were no covenants breached during the reporting period.

	Consolidated	
	2015	2014
	$'000	$'000
Floating rate		
Expiring within one year		
Revolving facilities	**8,802**	12,785
Term facilities	**4,862**	2,798
	13,664	15,583
Expiring beyond one year		
Term facilities	**60,771**	61,407
	74,435	76,990

(b) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the consolidated entity is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2 and comprise debt investments and derivative financial instruments.

In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3.

4 Business Combinations

Acquisitions in 2014

On 10 October 2013, Bravura Solutions Holdings Pty Ltd, an entity ultimately owned by funds managed and advised by Ironbridge Capital Holdings Pty Ltd ("the Ironbridge Funds"), completed the privatisation of Bravura Solutions Pty Ltd (formerly Bravura Solutions Ltd) via a Scheme of Arrangement. Through this transaction the Ironbridge Funds rolled over their existing 67.1% stake in Bravura Solutions Pty Ltd (formerly Bravura Solutions Ltd) into Bravura Solutions Holdings Pty Ltd (formerly Stockholm Solutions Holdings Pty Ltd) and the remaining 32.9% held by non Ironbridge investors was acquired for a cash consideration of $0.28 per share.

(a) Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Bravura Solutions Pty Ltd as at the date of acquisition were:

	Fair Value recognised on acquisition 2014 $'000
Assets	
Cash and cash equivalents	4,722
Trade and other receivables	18,740
Accrued revenue	6,726
Property, plant and equipment	14,583
Deferred tax assets	4,562
Intangible assets	59,306
Other assets	2,971
Liabilities	111,610
Trade and other payables	8,054
Borrowings	21,435
Provisions	7,069
Deferred revenue	15,855
Deferred tax liabilities	5,877
Other liabilities	6,823
	65,113
Total identifiable net assets at fair value	46,497
Goodwill arising on acquisition	128,697
Purchase consideration transferred	**175,194**

4 Business Combinations (continued)

	Fair Value recognised on acquisition 2014 $'000
(b) Purchase Consideration	
On market purchase of shares	56,920
Scrip for scrip exchange	115,888
Buy-out of options	2,386
Total consideration	**175,194**

(c) Purchase Consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	59,306
Cash and cash equivalents acquired	(4,722)
Outflow of cash – investing activities	**54,584**

(d) Analysis of cash flows on acquisition

Transaction costs of the acquisition (included in cash flows from operating activities)	(4,785)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	4,722
Net cash flow on acquisition	**(63)**

Acquisitions in 2015

No acquisition during the period.

5 Revenue

	2015 **$'000**	2014 $'000
Sales revenue		
Maintenance and support fees	**81,402**	56,608
Professional services fees	**65,193**	40,410
Licence fees	**5,103**	9,728
Other sales revenue	**391**	134
	152,089	106,880
Other revenue		
Interest received	**20**	6
	20	6
	152,109	106,886

6 Expenses

	2015	2014
	$'000	$'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**1,553**	1,032
Leasehold improvements	**1,107**	657
Plant and equipment under lease	**1,991**	1,423
Furniture and fittings	**201**	118
Total depreciation	**4,852**	3,230
Amortisation		
Business contracts and relationships	**2,756**	2,875
Intellectual property and software development	**5,876**	4,703
Total amortisation	**8,632**	7,578
Impairment		
Goodwill	**55,488**	-
Business contracts and relationships	**16,609**	-
Intellectual property and software development	**8,588**	-
Total impairment	**80,685**	-
Total depreciation, amortisation and impairment	**94,169**	10,808
Employee benefits expense		
Salary and wages	**89,197**	59,128
Defined contribution superannuation expense	**6,230**	4,231
Other	**679**	507
Total employee benefits expense	**96,106**	63,866
Finance costs		
Interest and finance charges paid/payable	**3,337**	2,289
Borrowing costs and other	**1,448**	1,911
Net loss on financial instruments	**643**	233
Finance costs expensed	**5,428**	4,433
Research and development		
R&D internal and external charges	**2,228**	1,289
Total research and development expenses	**2,228**	1,289
Telecommunications costs		
Telecommunication and computer costs	**5,785**	4,489
Total telecommunications costs	**5,785**	4,489
Other expenses		
Printing and stationery costs	**785**	599
Marketing and conference costs	**655**	494
Professional and conference costs	**2,209**	1,617
Non-recurring corporate transaction fees	**436**	8,806
Foreign exchange loss (net)	**3,583**	2,345
Total other expenses	**7,668**	13,861

7 Income Tax Expense

	2015 $'000	2014 $'000
(a) Income tax expense		
Current tax	**1,959**	528
Deferred tax	**929**	(872)
Under/(over) provision in prior years	**455**	-
Total income tax expense	**3,343**	(344)
Deferred income tax expense/(benefit) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 15)	**4,662**	(1,224)
(Decrease)/increase in deferred tax liabilities (note 24)	**(3,733)**	352
	929	872
Amount credited directly to equity	**-**	-
	929	872

(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

	2015 $'000	2014 $'000
Loss from continuing operations before income tax expense	**(86,142)**	(7,889)
Tax at the Australian tax rate of 30% (2014: 30%)	**(25,843)**	(2,367)
Difference in overseas tax rates	**(2,127)**	(3,435)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Current year unrecognised tax losses	**4,638**	1,341
Non-deductible expenses	**2,449**	2,735
Goodwill impairment	**16,647**	-
Attributable CFC income	**468**	347
Taxable gain on disposal of investments	**-**	1,162
Withholding tax written off	**233**	204
Thin capitalisation restriction	**298**	262
Loss relief utilised	**(46)**	(609)
Tax losses UK de-recognised	**1,820**	-
Other deferred tax de-recognised	**2,832**	-
Research and development	**786**	-
Undistributed reserves	**888**	-
Sundry items	**(155)**	-
Under provision in prior years	**455**	16
Total income tax expense / (credit)	**3,343**	(344)

(c) Tax losses

	2015 $'000	2014 $'000
Australia		
Unused tax losses for which no deferred tax asset has been recognised	**24,750**	18,763
Unused non-refundable tax offset for which no deferred tax asset has been recognised	**4,368**	3,255
Potential tax benefit of unused Australian tax losses @ 30%	**7,425**	5,629
United Kingdom		
Unused tax losses for which no deferred tax asset has been recognised	**26,881**	-
Potential tax benefit of unused United Kingdom tax losses @ 20%	**5,376**	-

Bravura's Australian and United Kingdom tax losses for which no deferred tax asset has been recognised are available indefinitely for offset against future taxable income subject to continuing to meet relevant statutory tests.

7 Income tax expense (continued)

(d) Tax consolidation legislation

The Group formed a tax consolidated group with effect from 10 October 2013. Bravura Solutions Holdings Pty Ltd is the "head entity" of the tax consolidated group. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The group allocation approach has been applied in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*.

8 Current assets - Cash and cash equivalents

	2015 $'000	2014 $'000
Cash at bank	**18,881**	18,424
Cash on hand	**1**	1
	18,882	18,425

(a) Reconciliation to cash at the end of the period

The above figures are reconciled to cash at the end of the financial period as shown in the Consolidated Statement of Cash Flows.

9 Current assets - Trade and other receivables

	2015 $'000	2014 $'000
Trade receivables	**21,021**	17,957
	21,021	17,957
Other receivables	**393**	1,392
Deposit	**596**	529
Accrued service revenue and licence fees - unbilled receivables	**4,601**	4,637
	5,590	6,558
	26,611	24,515

Bad and doubtful trade receivables written off
The consolidated entity has written off $nil bad debts during the year ended 30 June 2015.

The consolidated entity recognised an allowance for impairment loss on trade receivables of $nil.

10 Current assets - Current tax asset

	2015 $'000	2014 $'000
Income Tax	**-**	1,351

11 Current assets - Other current assets

	2015 $'000	2014 $'000
Prepayments	**3,218**	2,999

12 Non-current assets - Receivables

	2015 $'000	2014 $'000
Accrued service revenue and licence fees - unbilled receivable	**-**	816

13 Financial Assets and Liabilities

(a) Derivative Financial Instruments

Interest Rate Swap

At 30 June 2015, the Group had an interest rate swap agreement in place with a notional amount of $8,761,589 whereby the Group receives a fixed rate of interest of 3.61250% and pays interest at a variable rate equal to AUD-BBR-BBSY (BID) on the notional amount. The swap is being used to hedge the exposure to changes in the future cash flows of its notional debt.

Derivatives are recorded in the statement of financial position at fair value with any changes in fair value reported in profit or loss.

The movement in fair value of the interest rate swap of $51,000 (2014:$186,000) has been recognised in net loss from financial instrument within the statement of comprehensive income.

Interest Rate Cap

At 30 June 2015, the Group has an interest rate cap agreement with a notional amount of £19,611,932 ($40,114,245) whereby the Group pays a variable rate of interest GBP-LIBOR-BBA on the notional amount which is capped under the transaction at 1%.

Derivatives are recorded in the statement of financial position at fair value with any changes in fair value reported in profit or loss.

The movement in fair value of the interest rate cap of $456,000 (2014: $46,000) has been recognised in net loss from financial instrument within the statement of comprehensive income.

13 Financial Assets and Liabilities (continued)

(b) Non-Current Financial Liabilities

	2015 $'000	2014 $'000
Financial Instruments at fair value through profit and loss		
Interest Rate Swap	**96**	147

(c) Non-Current Financial Assets

Financial Instruments at fair value through profit and loss		
Interest Rate Cap	**193**	649

14 Non-current assets - Property, plant and equipment

	Plant and equipment $'000	**Furniture, fittings and equipment $'000**	**Leasehold improvements $'000**	**Leased plant and equipment $'000**	**Total $'000**
Year 30 June 2014					
Opening net book amount	-	-	-	-	-
Acquisition of subsidiary (note 4)	3,850	419	2,563	7,751	14,583
Additions	491	76	333	-	900
Exchange differences	151	13	4	324	492
Depreciation charge	(1,032)	(118)	(656)	(1,423)	(3,229)
Closing net book amount	3,460	390	2,244	6,652	12,746
At 30 June 2014					
Cost	9,928	1,092	10,335	10,852	32,207
Accumulated depreciation	(6,468)	(702)	(8,091)	(4,200)	(19,461)
Net book amount	3,460	390	2,244	6,652	12,746
Year 30 June 2015					
Opening net book amount	**3,460**	**390**	**2,244**	**6,652**	**12,746**
Additions	**1,628**	**350**	**1,226**	**-**	**3,204**
Disposals	**(81)**	**(20)**	**(4)**	**-**	**(105)**
Exchange differences	**442**	**19**	**84**	**725**	**1,270**
Depreciation charge	**(1,553)**	**(201)**	**(1,107)**	**(1,991)**	**(4,852)**
Closing net book amount	**3,896**	**538**	**2,443**	**5,386**	**12,263**
At 30 June 2015					
Cost	**12,061**	**1,311**	**6,372**	**12,275**	**32,019**
Accumulated depreciation	**(8,165)**	**(773)**	**(3,929)**	**(6,889)**	**(19,756)**
Net book amount	**3,896**	**538**	**2,443**	**5,386**	**12,263**

Finance leases

The carrying value of plant and equipment held under finance leases at 30 June 2015 was $5,386,000 (2014:$ 6,652,000). Additions during the year of $nil (2014: $7,751,000 through acquisition of subsidiary) related to plant and equipment under finance leases. Leased assets are pledged as security for the related finance lease.

15 Non-current assets - Deferred tax assets

	2015 $'000	2014 $'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**130**	694
Financial assets at fair value through profit or loss	**-**	26
Temporary differences on intangibles	**439**	(183)
Accruals	**194**	244
Provisions	**172**	1,786
Foreign exchange differences	**16**	50
Listing and capital raising costs	**-**	9
Other	**173**	190
Recognition of overseas losses	**-**	1,820
Recognition of deferred tax assets re s40-880 (non-equity)	**-**	994
Recognition of deferred tax assets re s25-25 (non-equity)	**-**	156
Total deferred tax assets	**1,124**	5,786
Movements:		
Opening balance at 1 July/1 October	**5,786**	-
Acquisition of subsidiary (note 4)	**-**	4,562
(Charged)/Credited to profit or loss	**(4,662)**	1,224
Closing balance at 30 June	**1,124**	5,786

16 Non-current assets - Intangible assets

	Goodwill $'000	Business contracts and relationships $'000	Intellectual property and software development $'000	Total $'000
Year 30 June 2014				
Opening net book amount	-	-	-	-
Acquisition of subsidiary (note 4)	128,697	24,505	34,801	188,003
Additions - internally generated	-	-	3,724	3,724
Exchange differences	-	315	26	341
Amortisation charge	-	(2,875)	(4,703)	(7,578)
Closing net book amount	128,697	21,945	33,848	184,490
At 30 June 2014				
Cost	128,697	51,718	73,968	254,383
Accumulated amortisation and impairment	-	(29,773)	(40,120)	(69,893)
Net book amount	128,697	21,945	33,848	184,490
Year 30 June 2015				
Opening net book amount	**128,697**	**21,945**	**33,848**	**184,490**
Additions - internally generated	**-**	**-**	**8,765**	**8,765**
Exchange differences	**-**	**587**	**2**	**589**
Impairment	**(55,488)**	**(16,609)**	**(8,588)**	**(80,685)**
Amortisation charge	**-**	**(2,756)**	**(5,876)**	**(8,632)**
Closing net book amount	**73,209**	**3,167**	**28,151**	**104,527**
At 30 June 2015				
Cost	**128,697**	**53,239**	**82,734**	**264,670**
Accumulated amortisation and impairment	**(55,488)**	**(50,072)**	**(54,583)**	**(160,143)**
Net book amount	**73,209**	**3,167**	**28,151**	**104,527**

16 Non-current assets – Intangible assets (continued)

(i) *Goodwill*
After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

(ii) *Business contracts and relationships*
Business contracts and relationships are carried at cost less accumulated amortisation and, if applicable, accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight-line method over periods between two and twenty years. The amortisation has been recognised in the Consolidated Statement of Comprehensive Income in the line item “depreciation and amortisation”. If an impairment indicator should arise, the recoverable amount would be estimated and an impairment loss would be recognised to the extent that the recoverable amount was lower than the carrying amount.

(iii) *Intellectual property and software development*
Intellectual property and software are carried at cost less accumulated amortisation and, if applicable, accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight-line method over a period of eight to ten years. The amortisation has been recognised in the Consolidated Statement of Comprehensive Income in the line item “depreciation and amortisation”. If an impairment indicator should arise, the recoverable amount would be estimated and an impairment loss would be recognised to the extent that the recoverable amount was lower than the carrying amount.

Goodwill and intangibles impairment charges of $80.7 million were recognised in the reporting period, the majority relating to the Transfer Agency business unit.

17 Current liabilities - Trade and other payables

	2015 $'000	2014 $'000
Trade payables	**6,410**	5,741
Other payables	**6,688**	4,595
	13,098	10,336

18 Current liabilities - Borrowings

	2015 $'000	2014 $'000
Secured		
Bank loans	**12,152**	9,411
Current portion of finance lease liability	**1,030**	3,452
Total secured current borrowings	**13,182**	12,863
Total current borrowings	**13,182**	12,863

See note 22 for further information.

19 Current liabilities - Provisions

	2015 $'000	2014 $'000
Employee benefit liabilities	**6,258**	5,364
Rent incentive	**253**	243
	6,511	5,607

(a) Amounts not expected to be settled within the next 12 months

The entire provision for annual leave is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave within the next 12 months.

The current provision for long service leave 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 consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

20 Current liabilities - Deferred revenue

	2015 $'000	2014 $'000
Deferred maintenance and service revenue	**22,075**	19,497

21 Current liabilities - Other current liabilities

	2015 $'000	2014 $'000
Accrued expenses	**5,534**	4,085
Deferred settlement	**197**	207
Total accrued expenses	**5,731**	4,292

22 Non-current liabilities - Borrowings

	2015 $'000	2014 $'000
Finance lease liability	**-**	908
Bank loans – term loan	**60,065**	60,182
	60,065	61,090

(a) Secured liabilities and assets pledged as security

The total secured liabilities (current and non-current) are as follows:

	2015 $'000	2014 $'000
Finance lease liability	**1,030**	4,360
Bank loans	**72,217**	69,593
	73,247	73,953

22 Non-current liabilities - Borrowings (continued)

The bank loans are secured by a deed of charge and mortgage over Bravura and certain wholly-owned subsidiaries.

	2015	2014
	$'000	$'000
Current		
Floating charge		
Cash and cash equivalents	**18,882**	18,425
Receivables	**26,611**	24,515
Other current assets	**3,218**	2,999
	48,711	45,939
Non-current		
Floating charge		
Receivables - non-current	**-**	816
Plant and equipment	**12,263**	12,746
	12,263	13,562
Total assets pledged as security	**60,974**	59,501

(b) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	2015	2014
	$'000	$'000
Bank loan facilities		
Total facilities	**79,291**	78,131
Used at balance date (Note 3(a))	**74,435**	76,990
Unused at balance date	**4,856**	1,141

The bank loans as at 30 June 2015 stated in the Consolidated Statement of Financial Position included unamortised transaction costs of $1,361,000 (2014: $2,279,000) which were offset in the Consolidated Statement of Financial Position but not in the table above to reflect the amount used at balance date. These facilities relate to both bank loans and guarantees. The facilities for guarantees are drawn by an amount of $857,000 (2014: $5,120,000).

The financing arrangements impose certain covenants on the consolidated entity that, if breached, the financiers may at any time declare that the loans become immediately due and payable. There were no covenants breached during the current period.

22 Non-current liabilities - Borrowings (continued)

(c) Finance lease liability

Finance lease liabilities of the group are payable as follows:

	2015 $'000	2014 $'000
Gross lease liabilities:		
Within one year	**1,030**	3,601
Between 2 and 5 years	**-**	913
After 5 years	**-**	-
	1,030	4,514
Future interest	**-**	(154)
Present value of finance lease liabilities	**1,030**	4,360
The present value of finance lease liabilities is payable as follows:		
Within one year	**1,030**	3,452
Between 2 and 5 years	**-**	908
After 5 years	**-**	-
	1,030	4,360

23 Redeemable Preference Shares

At 30 June 2015 there were 52,332,281 redeemable preference shares on issue. 40,291,224 redeemable preference shares were issued on 10 October 2013 in raising initial capital of Bravura and 12,041,057 redeemable preference shares were issued on 11 February 2014 on the conversion of existing debt. Each share has a par value of $1 and is mandatorily redeemable by the shareholders five years from the date of issue. The redeemable preference shareholders are entitled to receive interest at a rate of 14% per annum which will accrue effective from 1 July 2015. The redeemable preference shares are accounted for in accordance with the accounting policy set out in note 1(n). The preference shares rank ahead of the ordinary shares in the event of a liquidation.

24 Non-current liabilities - Deferred tax liabilities

	2015 $'000	2014 $'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**35**	104
Unrealised gain on foreign exchange	**-**	147
Intangible assets	**704**	5,492
Undistributed reserves	**888**	486
Other	**868**	-
Total deferred tax liabilities	**2,495**	6,229
Movements:		
Opening balance at 1 July/1 October	**6,229**	-
Acquisition of subsidiary (note 4)	**-**	5,877
(Charged)/credited to profit or loss	**(3,734)**	352
Closing balance at 30 June	**2,495**	6,229

25 Non-current liabilities - Provisions

	2015 $'000	2014 $'000
Employee benefits - long service leave	**1,213**	902
Make good provision	**1,523**	1,222
	2,736	2,124

(a) Movements in provisions

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

	Make good provision 2015 $'000	Make good provision 2014 $'000
Non-current		
Carrying amount at start of year	**1,222**	-
Acquisition of subsidiary (note 4)	**-**	1,089
Charged/(credited) to profit or loss		
Adjustments to provision	**204**	87
Interest	**42**	23
Exchange differences	**55**	23
Carrying amount at end of year	**1,523**	1,222

Make good provision

In accordance with its lease agreements, Bravura must restore the leased premises in Australia, New Zealand and the United Kingdom to their original condition at the end of their respective lease terms (range from four to ten years).

Provisions were adjusted during the year ended 30 June 2015 based on updated estimates received to remove leasehold improvements from these leased premises and is included in the carrying amount of the leasehold improvements.

26 Non-current liabilities - Other non-current liabilities

	2015 $'000	2014 $'000
Accrued expenses	**227**	126
Other	**311**	-
Deferred settlement	**-**	448
	538	574

27 Contributed equity

	2015 Shares	2014 Shares	**2015 $'000**	2014 $'000
(a) Share capital				
Fully paid ordinary shares	**32,069,999**	31,439,999	**30,070**	29,440
Share reserve	**-**	-	**54,490**	54,490
Total	**32,069,999**	31,439,999	**84,560**	83,930

(b) Movements in ordinary share capital

Date	Details	Number of Shares	Price	Issue Price AUD
01 Oct 13	Opening balance	-		-
01 Oct 13	Issue of ordinary shares	2,000,000	0.000001	2
10 Oct 13	Issue of ordinary shares	21,106,455	1.000000	21,106,455
	Share reserve	-	-	54,490,433
11 Feb 14	Issue of ordinary shares	4,953,544	1.000000	4,953,544
10 Mar 14	Issue of ordinary shares	3,380,000	1.000000	3,380,000
30 June 14	Balance	31,439,999		83,930,434
29 Sep 14	Issue of ordinary shares	250,000	1.000000	250,000
9 Oct 14	Issue of ordinary shares	250,000	1.000000	250,000
9 Oct 14	Issue of ordinary shares	100,000	1.000000	100,000
17 Nov 14	Issue of ordinary shares	30,000	1.000000	30,000
30 Jun 15	**Balance**	**32,069,999**		**84,560,434**

(c) Ordinary shares

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

28 Reserves and accumulated losses

(a) Reserves

	2015 $'000	2014 $'000
Foreign currency translation reserve	**348**	448
	348	448

	2015 $'000	2014 $'000
Movements:		
Foreign currency translation reserve		
Balance 1 July/1 October	**448**	-
Currency translation differences arising during the year	**(100)**	448
Balance 30 June	**348**	448

28 Reserves and (accumulated losses) (continued)

(b) Accumulated losses

	2015 $'000	2014 $'000
Balance 1 July/1 October	**(7,545)**	-
Loss for the year	**(89,485)**	(7,545)
Balance 30 June	**(97,030)**	(7,545)

(c) Nature and purpose of reserves

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

29 Dividends

Ordinary shares

No dividends were paid to members during the financial period.

30 Key management personnel disclosures

(a) Directors

The following persons were Directors of Bravura during the financial year:

(i) Chairman - Non-executive Director
Brian Mitchell

(ii) Executive Directors
Tony Klim, Managing Director
Martin Deda, Chief Financial Officer (appointed 22 September 2014)

(iii) Non-executive Directors
Edoardo Bigazzi (resigned 21 July 2015)
Neil Broekhuizen

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, during the financial year:

Rebecca Lowde	Chief Financial Officer (resigned 18 July 2014)
Andy Chesterton	Chief Operating Officer, Global Transfer Agency
Nick Parsons	Director of Business Development
Jason Tong	Chief Operating Officer, Wealth Management APAC
Darren Stevens	Director, Product Management and Strategy
Roland Slee	Managing Director – APAC
Harry Storer	Chief Operating Officer, Wealth Management EMEA
John Waddy	Director of Global Product Development

30 Key management personnel disclosures (continued)

(c) Key management personnel compensation

	2015 $	2014 $
Short-term employee benefits	**3,486,614**	2,489,950
Post-employment benefits	**324,921**	250,717
Other long-term benefits	**47,155**	18,193
	3,858,690	2,758,860

No bonuses were paid in the current year.

31 Contingencies

(a) Contingent liabilities

The consolidated entity had contingent liabilities at 30 June 2015 in respect of:

Bank guarantees

Guarantees given in respect of bank overdrafts and loans of subsidiaries amounting to $857,000 (2014: $5,120,000) for consolidated entity, secured by a deed of charge and mortgage over Bravura and certain wholly-owned subsidiaries.

(b) Contingent assets

The consolidated entity had no contingent assets at 30 June 2015.

32 Commitments

Operating leases

	2015 $'000	2014 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**5,141**	4,066
Later than one year but not later than five years	**12,938**	11,314
Later than five years	**2,139**	3,202
	20,218	18,582

Operating lease commitments consist of amounts payable for office rental and equipment, which are generally renewable for one to ten years.

33 Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in note 29.

(b) Subsidiaries

Interests in subsidiaries are set out in note 34.

(c) Outstanding balances arising from transactions with related parties

	2015 $'000	2014 $'000
Current payables		
Payable to Ironbridge Capital Holdings Pty Ltd	**200**	200
	200	200

(d) Loans from related parties

There is a $100,000 loan receivable from a member of key management personnel at the reporting date (2014: nil). There is no loan payable to related parties at the reporting date (2014: nil).

(e) Transactions with related parties

	2015 $'000	2014 $'000
Management fee - Ironbridge Capital Holdings Pty Ltd	**200**	200
	200	200

Disclosures relating to guarantees provided are set out in note 31(a) and note 37(b).

(f) Terms and conditions of transactions with related parties other than key management personnel or entities related to them

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

34 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(c):

Name of entity	Country of incorporation	Class of Shares	Equity holding 2015 %
Bravura Solutions Investments Pty Ltd	Australia	Ordinary	100
Bravura Solutions Pty Ltd	Australia	Ordinary	100
Bravura eCommerce Solutions Pty Ltd	Australia	Ordinary	100
Bravura Facility Pty Ltd	Australia	Ordinary	100
Bravura Portfolio Solutions Pty Ltd	Australia	Ordinary	100
Bravura Solutions (Australia) Pty Ltd	Australia	Ordinary	100
Bravura Solutions (HK) Ltd	Hong Kong	Ordinary	100
Bravura Solutions Luxembourg Holdings S.a.r.L.	Luxembourg	Ordinary	100
Bravura Solutions (NZ) Ltd	New Zealand	Ordinary	100
Bravura Solutions (UK) Holdings Ltd	United Kingdom	Ordinary	100
Bravura Solutions (UK) Investments Ltd	United Kingdom	Ordinary	100
Bravura Solutions (UK) Ltd	United Kingdom	Ordinary	100
Garradin Pty Ltd	Australia	Ordinary	100
Real Solutions Pty Ltd	Australia	Ordinary	100
Bravura Software Solutions (SA) (Proprietary) Ltd	South Africa	Ordinary	100
Bravura Solutions Polska Holdings S.P. ZOO	Poland	Ordinary	100
Bravura Solutions Polska S.P. ZOO	Poland	Ordinary	100
Mutual Fund Technologies Ltd	Bermuda	Ordinary	100
Bravura Solutions Services (UK) Ltd	United Kingdom	Ordinary	100
Bravura Solutions (Thailand) Company Ltd	Thailand	Ordinary	100
Bravura Solutions India Private Ltd	India	Ordinary	100

35 Events occurring after the reporting period

There have been no matters or circumstance that has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group or economic entity, the results of those operations or the state of affairs of the consolidated entity or economic entity in subsequent financial years.

36 Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	2015 $'000	2014 $'000
Loss for the year	**(89,485)**	(7,545)
Impairment	**80,685**	-
Depreciation and amortisation	**13,484**	10,808
Non cash finance costs	**(1,090)**	1,386
Net unrealised exchange differences	**6,493**	2,030
Change in operating assets and liabilities		
Acquisition allocable cost amount (ACA) tax adjustment	**-**	(5,348)
(Increase) /decrease in trade and other debtors, accrued and deferred revenue	**1,299**	(5,835)
(Increase)/ decrease in prepayments	**(219)**	(2,999)
(Increase)/ decrease in deferred tax assets	**4,662**	(5,786)
Increase/ (decrease) in trade creditors	**2,762**	10,189
(Decrease)/ increase in provision for income taxes payable	**1,528**	(1,351)
(Decrease)/ increase in deferred tax liabilities	**(3,734)**	6,229
Decrease/(increase) in provisions and other liabilities	**3,263**	12,944
Net cash inflow from operating activities	**19,648**	14,722

37 Parent Entity financial information

(a) Summary financial information

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

	2015 $'000	2014 $'000
Balance sheet		
Current assets	**130**	-
Non-current assets	**141,881**	141,379
Total assets	**142,011**	141,379
Current liabilities	**-**	-
Non-current liabilities	**52,332**	52,332
Total liabilities	**52,332**	52,332
Net assets	**89,679**	89,047
Shareholders' equity		
Contributed equity	**84,560**	83,930
Reserves	**-**	-
Accumulated profits	**5,119**	5,117
	89,679	89,047
Profit for the year	**2**	5,117
Total comprehensive profit	**2**	5,117

(b) Guarantees entered into by the Parent Entity

The parent entity has provided $nil financial guarantees in respect of bank overdrafts and loans of subsidiaries secured by registered mortgages over the freehold properties of the subsidiaries.

(c) Contingent liabilities of the Parent Entity

The parent entity did not have any contingent liabilities as at 30 June 2015.

The parent entity has provided letters of support to certain subsidiaries to assist in meeting liabilities as and when they fall due and allow them to continue operating on a going concern basis for the next 12 months from the date of this report.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2015, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling $nil. These commitments are not recognised as liabilities as the relevant assets have not yet been received.

Directors' declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 8 to 47 are in accordance with the *Corporations Act 2001,* including:
  - (i) complying with Accounting Standards – Reduced Disclosure Requirements, the *Corporations Regulations 2001*, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date.

(b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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

B.A. Mitchell

Brian Mitchell
Chairman and Non-Executive Director

Sydney

23 September 2015

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Independent auditor's report to the members of Bravura Solutions Holdings Pty Ltd

Report on the financial report

We have audited the accompanying financial report of Bravura Solutions Holdings Pty Ltd, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at year end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have provided to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the financial report.

Opinion

In our opinion the financial report of Bravura Solutions Holdings Pty Ltd is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the financial position of the consolidated entity at 30 June 2015 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

E A Lang

E A Lang
Partner
Sydney
23 September 2015