

Ensurance Limited and controlled entities

ABN 80 148 142 634

APPENDIX 4E

Preliminary Final Report
30 June 2021

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Ensurance Limited and controlled entities
Appendix 4E
Preliminary final report



1. Company details

Name of entity:	Ensurance Limited
ABN:	80 148 142 634
Reporting period:	For the year ended 30 June 2021
Previous period:	For the year ended 30 June 2020

2. Results for announcement to the market

					\$
Revenues from ordinary activities	up	1.0%*	to		4,344,706
Loss from ordinary activities after tax attributable to the owners of Ensurance Limited	down	39.5%	to		(1,302,838)
Loss for the year attributable to the owners of Ensurance Limited	down	39.5%	to		(1,302,838)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,302,838 (30 June 2020: \$2,153,771).

* This includes \$588,510 of revenue from the discontinued operations of Ensurance Underwriting Pty Limited, in 2020.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.01	(0.17)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

The financial information has been prepared in accordance with the Australian Accounting Standards.

10. Audit qualification or review

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

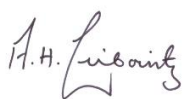
The financial statements are in the process of being audited.

11. Attachments

Details of attachments (if any):

The preliminary Annual Report of Ensurance Limited for the year ended 30 June 2021 is attached.

12. Signed

A handwritten signature in dark ink, appearing to read 'A.H. Leibowitz'.

Date: 25 August 2021

A H Leibowitz
Executive Chairman

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the financial report for Ensurance Limited for the financial year ended 30 June 2021.

OPERATING REVIEW

Ensurance UK Limited

Ensurance UK Limited has achieved a significant milestone in generating its first annual profit since its incorporation, with over \$185,000 AUD (>£100,000 GBP) of profit being reported.

The strong financial performance was mainly due to the continued growth, combined with other new revenue initiatives launched during the year. The UK business continued to expand its broker network, which has led to improved penetration in the UK market and higher levels of deal flow.

Liability product launch

The UK business launched its new Liability product offering, at the end of the 2021 financial year. The business is backed by three capacity providers, one of which has provided Ensurance UK Limited with full delegated authority. Writing Employers, Public, Product, and Pollution Liability, as well as writing Excess of Loss, for a range of business trades and sizes. Ensurance UK is well positioned to cement itself within this market space.

Additionally, the introduction of the Liability product range is expected to bring about further increases to the Contractors All Risk business written, as the business now has the ability to provide a combined insurance offering. The business continues to explore opportunities to add new product ranges to help drive increased profitability and diversification. It is expected to launch additional product lines in coming months.

Capacity agreement with AXA

During the year, the UK business secured a new capacity agreement with AXA Insurance UK Plc ("AXA"). It allows the business to continue to provide excellent solutions for Construction and Engineering risks, that have been provided to the market in the UK since 2017.

The business has seen Gross Written Premium (GWP) increase by 25%, compared with the prior year. This increase demonstrates Ensurance UK has successfully passed through the transition phase associated with changing capacity from Swiss Re to AXA UK and the Company is now well placed to continue its upward growth trajectory. The increase in GWP shows the underlying strength of these results, in the face of the tight COVID restrictions that were in place within the UK. With full restrictions in the UK being lifted post year end, the Company is well placed to benefit as the operating environment improves.

The digitisation journey continues

Following the completion of a major part of development towards a new internal IT system, the team in the UK has moved across to a new fully integrated IT platform, complete with workflows and CRM capabilities. The platform brings substantial efficiencies to the business and will significantly reduce quotation time for underwriters, allowing instant quote and bind access for brokers through a portal. The new system has also automated current manual processes. These efficiencies will further increase the profitability of the business as well as ensuring that as the UK business grows, the service levels provided by the Company remain at the highest standard.

During June 2021, the UK business continued with the development of its new IT system, turning its attention to portal access for select external brokers. The UK business launched a portal for its Homebuild product, providing instant access to quotes for brokers. The introduction of this portal allows the business to better service its broker partners whilst further increasing internal efficiencies.

The Company continues with the development of the new IT system, with further internal releases expected over the coming months. Significant growth opportunities and further efficiency gains are expected to be produced by the system, as it continues through this development phase.

Asia Pacific

Transformational acquisition provides new platform for growth in Australia

During the last quarter of 2021, the Company executed an agreement to acquire 100% of the issued share capital of Australian boutique underwriting agency, TK Specialty Risks Pty Ltd (TKSR), from its sole shareholder Mr Tom Kent.

The strategic acquisition of TKSR provides Ensurance with the opportunity to scale existing operations and expand into both Professional and Financial lines insurance markets and emerging risk classes, including Cyber Liability in Australia.

TKSR was established in November 2015 as an underwriting agency and has experienced strong, profitable growth in recent years through its network of more than 70 insurance broking houses Australia-wide and now has insurance premiums under management in excess of \$10 million. Additionally, TKSR offers first-rate claims handling expertise, principally in partnership with global insurer, AXA.

The Company believes TKSR, through its complementary underwriting business lines and existing partnership agreement with AXA, provides an excellent opportunity to scale and grow into the Australian market. Australia has seen significant growth in more tailored product offerings, which is where TKSR has been building its presence through specialty underwriting.

Ensurance has been seeking to grow and scale its existing business as well as consider earnings accretive acquisition opportunities when they present. Through TKSR and further future acquisitions, the Company intends to grow its Australian operations by expanding into New Zealand and the wider Asia Pacific markets over time.

Mr Tom Kent will remain with Ensurance Limited and lead the freshly re-branded Australian operation as it begins to further expand its footprint via:

- (1) organic growth within its existing Australia-wide network of Australian brokers;
- (2) accretive acquisitions;
- (3) distribution of products on behalf of the UK division of Ensurance; and
- (4) release of new insurance products backed by key insurance partners.

Consolidation of Capital

Subsequent to year end, the Company implemented a 10 to 1 share consolidation, resulting in 80,158,745 securities on issue. This was approved at a General Meeting of shareholders held on 28th of July 2021.

FINANCIAL REVIEW

Operating results

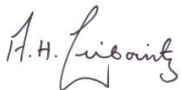
For the year ended 30 June 2021, the Group delivered a loss of \$1.30m after tax, representing an improvement of \$0.85m on the prior year loss of \$2.15m. Revenue from the Group's continuing operations increased to \$4.53m (FY2020: \$3.80m). This significant improvement on the prior year has been driven from the improvements in Ensurance UK Limited.

Financial position

As at 30 June 2021, the Group had positive working capital of \$2.26m (June 2020 negative working capital of \$2.25m) and net assets of \$0.19m (June 2020 net liabilities of \$1.06m). The Group's cash and cash equivalents increased by \$0.18m to \$1.46m (2020: \$1.28m).

Outlook

We are confident that our acquisition of TKSR (now Ensurance Australia Pty Ltd) and the ongoing investment into our business operations, capabilities and products, support our expansion plans in the UK and Asia Pacific over the longer term. Our UK business and recent acquisition are both profitable and cash flow positive. We expect these positive cash flows to continue.

A handwritten signature in dark ink, appearing to read 'A. H. Leibowitz'.

A H Leibowitz

Chairman
25 August 2021

Ensurance Limited and controlled entities
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021



	Note	Consolidated 2021 \$	2020 \$
Revenue from continuing operations	4	4,340,747	3,612,313
Other income	5	189,436	84,788
Interest revenue		3,959	99,015
Expenses			
Business development		(79,737)	(158,049)
Compliance costs		(363,566)	(324,527)
Computers and communications		(334,850)	(237,334)
Depreciation and amortisation	6	(152,097)	(344,240)
Employment costs	6	(3,602,239)	(4,322,579)
Commissions		(182,621)	-
Legal and consulting fees		(109,327)	(109,151)
Occupancy costs		(167,092)	(174,879)
Travel and accommodation		(7,576)	(156,034)
Other expenses		(172,651)	(93,171)
Finance costs	6	(663,138)	(740,740)
Operating loss		(1,300,752)	(2,864,588)
Modified loss on sale of subsidiary		(2,086)	-
Loss before income tax expense from continuing operations		(1,302,838)	(2,864,588)
Income tax expense	7	-	-
Loss after income tax expense from continuing operations		(1,302,838)	(2,864,588)
Profit after income tax expense from discontinued operations	8	-	710,817
Loss after income tax expense for the year attributable to the owners of Ensurance Limited	27	(1,302,838)	(2,153,771)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Ensurance Limited		(1,302,838)	(2,153,771)
Total comprehensive income for the year is attributable to:			
Continuing operations		(1,302,838)	(2,005,897)
Discontinued operations		-	(147,874)
		(1,302,838)	(2,153,771)
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Ensurance Limited			
Basic earnings per share	38	(0.23)	(0.50)
Diluted earnings per share	38	(0.23)	(0.50)

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

Ensurance Limited and controlled entities
Statement of financial position
As at 30 June 2021



	Note	Consolidated 2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	9	1,464,031	1,276,309
Trade and other receivables	10	1,768,777	1,630,714
Trust account insurer assets	11	19,226,262	13,240,759
Other	12	129,281	64,591
Total current assets		<u>22,588,351</u>	<u>16,212,373</u>
Non-current assets			
Receivables	13	273,347	856,471
Investments	14	1,200	1,200
Property, plant and equipment	15	11,506	91,419
Right-of-use assets	16	-	30,289
Intangibles	17	133,692	125,665
Bonds on deposit		18,743	77,466
Total non-current assets		<u>438,488</u>	<u>1,182,510</u>
Total assets		<u>23,026,839</u>	<u>17,394,883</u>
Liabilities			
Current liabilities			
Trade and other payables	18	1,309,351	359,862
Borrowings	19	66,665	4,714,997
Lease liabilities	20	-	231,106
Provisions	21	88,917	52,709
Trust account insurer liabilities	22	18,859,720	13,097,128
Total current liabilities		<u>20,324,653</u>	<u>18,455,802</u>
Non-current liabilities			
Borrowings	23	2,500,000	-
Provisions	24	9,936	3,276
Total non-current liabilities		<u>2,509,936</u>	<u>3,276</u>
Total liabilities		<u>22,834,589</u>	<u>18,459,078</u>
Net assets/(liabilities)		<u>192,250</u>	<u>(1,064,195)</u>
Equity			
Issued capital	25	22,241,201	19,291,070
Reserves	26	74,164	1,911,211
Accumulated losses	27	(22,123,115)	(22,266,476)
Total equity/(deficiency)		<u>192,250</u>	<u>(1,064,195)</u>

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

Ensurance Limited and controlled entities
Statement of changes in equity
For the year ended 30 June 2021



Consolidated	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total deficiency in equity \$
Balance at 1 July 2019	16,301,785	1,481,655	(20,077,098)	(2,293,658)
Adjustment for change in accounting policy	-	-	(84,381)	(84,381)
Balance at 1 July 2019 - restated	16,301,785	1,481,655	(20,161,479)	(2,378,039)
Loss after income tax expense for the year	-	-	(2,153,771)	(2,153,771)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,153,771)	(2,153,771)
Rollover of convertible notes	-	(47,985)	40,335	(7,650)
Expense of options	-	75,487	8,439	83,926
Translation of Ensurance UK ledger	-	(149,916)	-	(149,916)
Forfeit of options	-	(8,438)	-	(8,438)
Asset revaluation	-	(120)	-	(120)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 25)	2,989,285	-	-	2,989,285
Share-based payments (note 39)	-	560,528	-	560,528
Balance at 30 June 2020	19,291,070	1,911,211	(22,266,476)	(1,064,195)
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity / (deficiency) \$
Balance at 1 July 2020	19,291,070	1,911,211	(22,266,476)	(1,064,195)
Loss after income tax expense for the year	-	-	(1,302,838)	(1,302,838)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,302,838)	(1,302,838)
Expense of Options	-	79,563	-	79,563
Foreign exchange movements	-	16,752	-	16,752
Lapse of options & performance rights	-	(1,391,973)	1,391,973	-
Issue of shares on conversion of convertible notes	1,550,703	(101,717)	-	1,448,986
Issue of shares on exercise of options	1,399,428	(385,446)	-	1,013,982
Lapse on repayment of convertible notes	-	(54,226)	54,226	-
Balance at 30 June 2021	22,241,201	74,164	(22,123,115)	192,250

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

Ensurance Limited and controlled entities
Statement of cash flows
For the year ended 30 June 2021



	Note	Consolidated 2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,187,831	3,581,464
Payments to suppliers and employees (inclusive of GST)		(5,053,611)	(7,318,010)
		(865,780)	(3,736,546)
Interest received		6,145	93,877
Other revenue		168,242	84,788
Interest and other finance costs paid		(407,553)	(496,304)
Net cash used in operating activities	36	(1,098,946)	(4,054,185)
Cash flows from investing activities			
Payments for investments		-	(131,606)
Payments for property, plant and equipment	15	(9,252)	-
Payments for intangibles	17	(36,892)	-
Payments for financial assets		(5,650)	(5,745)
Proceeds from disposal of business		633,128	220,000
Net cash from investing activities		581,334	82,649
Cash flows from financing activities			
Proceeds from issue of shares	25	1,013,982	3,511,291
Proceeds from borrowings		66,666	-
Interest and other finance costs paid		(177,719)	(192,226)
Repayment of borrowings		(26,662)	(284,518)
Repayment of lease liabilities		(170,933)	(320,838)
Net cash from financing activities		705,334	2,713,709
Net increase/(decrease) in cash and cash equivalents		187,722	(1,257,827)
Cash and cash equivalents at the beginning of the financial year		1,276,309	2,534,136
Cash and cash equivalents at the end of the financial year	9	1,464,031	1,276,309

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

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a net loss for the period of \$1,302,838 (2020: \$2,153,771). As at 30 June 2021, the Group had positive working capital of \$2,263,698 (June 2020 negative working capital of \$2,243,428) and net assets of \$192,250 (June 2020 net liabilities of \$1,064,195). The Group's liabilities include an interest bearing \$2,500,000 related party loan from Kalonda Pty Limited due for repayment on the 31 December 2022. Kalonda Pty Limited is owned by the Chairman Tony Leibowitz.

The going concern basis of preparation is deemed appropriate by the board owing to the following factors. Cash flow forecasts show the cash generation from Ensurance UK Limited and the newly acquired TK Speciality Risks Pty Ltd being sufficient to offset the cash outflows generated by the managing entities. In addition, the Board have secured a working capital facility of \$750,000 from Kalonda Pty Ltd on equivalent terms to the existing loan, in order to support the business as it continues to execute on identified growth initiatives. This facility has not been drawn upon as at the date of this report.

The ultimate ability of the Group to continue as a going concern is dependent upon the achieving the cash flow projections prepared by management and where needed, drawing down upon the working capital facility to the extent required to meet their obligations for a period of 12 months from the date of this report. On this basis, it is the Directors belief that the Group is able to pay its debts as and when they fall due and will have adequate resources to continue operating for the foreseeable future. For this reason, the Directors consider the going concern basis of preparation to be appropriate.

Reverse acquisition

Ensurance Ltd is listed on the Australian Securities Exchange. The Company completed the legal acquisition of Ensurance Capital Pty Ltd (Ensurance Capital) on 5 May 2015.

Ensurance Capital (the legal subsidiary) was deemed to be the acquirer for accounting purposes as it has obtained control over the operations of the legal acquirer Ensurance (accounting subsidiary). Notwithstanding, as Ensurance Ltd is the listed entity and the ultimate holding company of the Ensurance Group of companies, the financial statements have been referred to as the financial statements of Ensurance Ltd.

Accounting for Government Grants and Disclosure of Government Assistance

During the period grants were received in the form of cash flow boosts due to COVID-19. The cash flow boost is recognised as income when the cash is received.

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Note 1. Significant accounting policies (continued)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ensurance Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Ensurance Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

Operating segments

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

Foreign currency translation

The financial statements are presented in Australian dollars, which is Ensurance Limited's functional and presentation currency.

Foreign currency transactions

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

Foreign operations

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

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

Note 1. Significant accounting policies (continued)

Revenue

Revenue is recognised when the Group has satisfied its performance obligations, which occurs when control of the goods or services are transferred to the customer. This is deemed to be the policy inception date. An invoice and policy documents are created at the date of inception, which specify each party's rights and obligations, the price of the policy, the payment terms and the level of coverage. The insured party assumes full control at the date of inception and cover is enforceable as at that date, regardless of when payment is received. When the performance obligation has been satisfied, the Group will recognise as revenue the amount of the transaction price that is allocated to the performance obligation, after excluding any estimates of variable consideration that are constrained in respect of settlement activities.

All revenue is stated net of the amount of GST/VAT.

Income tax

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

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

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

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

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

Ensurance Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Current and non-current classification

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

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

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

Note 1. Significant accounting policies (continued)

Cash and cash equivalents

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

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Trade and other payables

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

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

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

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

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

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

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

Fair value measurement

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

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 1. Significant accounting policies (continued)

Issued capital

Ordinary shares are classified as equity.

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

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Goods and Services Tax ('GST') and Value Added Tax (VAT)

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

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

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

Intangible assets - software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

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

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Coronavirus (COVID-19) pandemic

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

Share-based payment transactions

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

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

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

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into 2 operating segments: These being the business in the UK and the head office in Australia. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Intersegment transactions

Intersegment transactions were made at cost. Intersegment transactions are eliminated on consolidation.

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Note 3. Operating segments (continued)

Operating segment information

	Ensurance UK \$	Head Office \$	Total \$		
Consolidated - 2021					
Revenue					
Sales to external customers	4,340,747	-	4,340,747		
Interest revenue	2,356	1,603	3,959		
Other revenue	14,418	175,018	189,436		
Total revenue	4,357,521	176,621	4,534,142		
EBITDA					
Depreciation and amortisation	(54,244)	(1,420)	(55,664)		
Impairment of assets	(68,335)	-	(68,335)		
Finance costs	(6,060)	(655,034)	(661,094)		
Profit/(loss) before income tax expense	197,559	(1,500,397)	(1,302,838)		
Income tax expense			-		
Loss after income tax expense			(1,302,838)		
Assets					
Segment assets	21,418,769	26,456,738	47,875,507		
Intersegment eliminations			(24,848,668)		
Total assets			23,026,839		
Liabilities					
Segment liabilities	19,351,543	13,148,557	32,500,100		
Intersegment eliminations			(9,665,511)		
Total liabilities			22,834,589		
	Ensurance UK \$	Head Office \$	Information technology \$	Discontinued Operations \$	Total \$
Consolidated - 2020					
Revenue					
Sales to external customers	3,612,313	-	-	588,510	4,200,823
Other revenue	24,966	4,964	54,858	-	84,788
Interest revenue	11,196	87,819	-	-	99,015
Total revenue	3,648,475	92,783	54,858	588,510	4,384,626
EBITDA					
Depreciation and amortisation	(181,278)	(1,482,591)	-	(145,661)	(1,809,530)
Loss before income tax expense	(300,633)	(43,608)	-	-	(344,241)
Income tax expense	(481,911)	(1,526,199)	-	(145,661)	(2,153,771)
Loss after income tax expense					(2,153,771)
Assets					
Segment assets	15,145,703	26,968,157	-	-	42,113,860
Intersegment eliminations					(24,718,977)
Total assets					17,394,883
Liabilities					
Segment liabilities	13,579,124	14,699,261	-	-	28,278,385
Intersegment eliminations					(9,819,307)
Total liabilities					18,459,078

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Note 4. Revenue

	Consolidated	
	2021	2020
	\$	\$
From continuing operations		
Underwriting commission	4,134,669	3,612,313
Profit commission	206,078	-
Revenue from continuing operations	<u>4,340,747</u>	<u>3,612,313</u>

Note 5. Other income

	Consolidated	
	2021	2020
	\$	\$
Net gain on disposal of business	21,220	-
Government grants - cash flow boost	153,798	54,858
Other income	14,418	29,930
Other income	<u>189,436</u>	<u>84,788</u>

Note 6. Other expenses

	Consolidated	
	2021	2020
	\$	\$
Depreciation and amortisation		
Depreciation expense	(23,343)	(48,071)
Amortisation - Software	(31,593)	-
Amortisation - Right of use assets	(29,319)	(296,170)
Write off of office furniture	(67,842)	-
	<u>(152,097)</u>	<u>(344,241)</u>

Finance costs

	Consolidated	
	2021	2020
Interest on convertible notes	(255,585)	(264,749)
Interest on related party loans	(399,449)	(403,839)
Interest on lease liability	(8,104)	(72,152)
	<u>(663,138)</u>	<u>(740,740)</u>

Ensurance Limited and controlled entities
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Note 6. Other expenses (continued)

	Consolidated	
	2021	2020
	\$	\$
Employee Entitlements		
Non-executive Director fees	(82,752)	(93,563)
Increase/(Decrease) in employee benefit provisions	(42,867)	57,973
Superannuation expenses	(215,509)	(262,756)
Wages and salaries	(2,927,521)	(3,673,307)
Other employment related costs	(32,758)	(53,576)
Employee National Insurance Contributions (UK)	(300,832)	(297,350)
	<u>(3,602,239)</u>	<u>(4,322,579)</u>

Note 7. Income tax expense

	Consolidated	
	2021	2020
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense from continuing operations	(1,302,838)	(2,864,588)
Profit before income tax expense from discontinued operations	-	710,817
	<u>(1,302,838)</u>	<u>(2,153,771)</u>
Tax at the statutory tax rate of 26% (2020: 27.5%)	(338,738)	(592,287)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	202	3,112
Loss on sale of investment	-	189,618
(Profit) / Losses in Ensurance UK Limited	(51,365)	130,116
Non-assessable income	(35,528)	(44,948)
Deferred tax asset not brought to account	425,429	314,389
Income tax expense	<u>-</u>	<u>-</u>

Franking account

	Consolidated	
	2021	2020
	\$	\$
Balance of franking account of the legal parent entity	<u>8,620</u>	<u>8,620</u>

Ensurance Limited and controlled entities
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Note 8. Discontinued operations

Financial performance information

	Consolidated	
	2021	2020
	\$	\$
Discontinued revenue	-	588,510
Other discontinued income	-	313
Discontinued expense	-	(734,484)
Loss before income tax expense	-	(145,661)
Income tax expense	-	-
Loss after income tax expense	-	(145,661)
Gain on disposal before income tax	-	856,478
Income tax expense	-	-
Gain on disposal after income tax expense	-	856,478
Profit after income tax expense from discontinued operations	-	710,817

Cash flow information

	Consolidated	
	2021	2020
	\$	\$
Net cash used in operating activities	-	(273,112)

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	2021	2020
	\$	\$
Cash on hand	184	1,690
Cash at bank	1,463,847	1,245,673
Cash on deposit	-	28,946
	1,464,031	1,276,309

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Note 10. Current assets - trade and other receivables

	Consolidated	
	2021	2020
	\$	\$
Commission on Trust Assets	1,613,593	1,446,122
Less: Allowance for expected credit losses	(34,125)	(33,211)
	<u>1,579,468</u>	<u>1,412,911</u>
Other receivables	17,849	30,495
Funds owing on the sale of Ensurance Underwriting Pty Limited	<u>171,460</u>	<u>187,308</u>
	<u>1,768,777</u>	<u>1,630,714</u>

Allowance for expected credit losses

The consolidated entity has recognised an additional loss of \$914 to \$34,125 (2020: \$33,211) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

Note 11. Current assets - Trust account insurer assets

	Consolidated	
	2021	2020
	\$	\$
Insurance debtors	11,418,742	9,515,767
Trust accounts	<u>7,807,520</u>	<u>3,724,992</u>
	<u>19,226,262</u>	<u>13,240,759</u>

Note 12. Current assets - other

	Consolidated	
	2021	2020
	\$	\$
Prepayments	<u>129,281</u>	<u>64,591</u>

Note 13. Non-current assets - receivables

	Consolidated	
	2021	2020
	\$	\$
Other receivables	280,859	871,493
Less: Allowance for expected credit losses	(7,512)	(15,022)
	<u>273,347</u>	<u>856,471</u>

Allowance for expected credit loss

The consolidated entity has reduced the expected credit loss by \$7,510 to \$7,512 (2020: \$15,022). This has resulted in a gain in profit or loss in respect of the expected credit loss for the year ended 30 June 2021.

Note 14. Non-current assets - investments

	Consolidated	
	2021	2020
	\$	\$
Shares in listed Companies	1,200	1,200

Note 15. Non-current assets - property, plant and equipment

	Consolidated	
	2021	2020
	\$	\$
Plant and equipment - at cost	77,673	85,683
Less: Accumulated depreciation	(67,529)	(80,390)
	<u>10,144</u>	<u>5,293</u>
Fixtures and fittings - at cost	5,283	179,766
Less: Accumulated depreciation	(3,921)	(93,640)
	<u>1,362</u>	<u>86,126</u>
	<u>11,506</u>	<u>91,419</u>

Reconciliations

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

Consolidated	Plant & Equipment	Furniture & Fittings	Total
	\$	\$	\$
Balance at 1 July 2019	8,786	125,912	134,698
Additions	7,649	870	8,519
Depreciation expense	(11,142)	(40,656)	(51,798)
Balance at 30 June 2020	5,293	86,126	91,419
Additions	9,252	-	9,252
Exchange differences	133	2,361	2,494
Write off of assets	-	(68,335)	(68,335)
Depreciation expense	(4,534)	(18,790)	(23,324)
Balance at 30 June 2021	<u>10,144</u>	<u>1,362</u>	<u>11,506</u>

Note 16. Non-current assets - right-of-use assets

	Consolidated	
	2021	2020
	\$	\$
Right of use assets	684,753	729,007
Less: Accumulated depreciation	(684,753)	(698,718)
	<u>-</u>	<u>30,289</u>

Note 16. Non-current assets - right-of-use assets (continued)

Reconciliations

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

Consolidated	Office Space \$	Total \$
Balance at 1 July 2019	866,611	866,611
Revaluation decrements	(486,951)	(486,951)
Exchange differences	(53,202)	(53,202)
Depreciation expense	(296,169)	(296,169)
Balance at 30 June 2020	30,289	30,289
Exchange differences	(970)	(970)
Depreciation expense	(29,319)	(29,319)
Balance at 30 June 2021	-	-

Note 17. Non-current assets - intangibles

	Consolidated 2021 \$	Consolidated 2020 \$
Software - at cost	166,013	125,665
Less: Accumulated amortisation	(32,321)	-
	133,692	125,665

Reconciliations

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

Consolidated	Software \$	Total \$
Balance at 1 July 2019	125,665	125,665
Balance at 30 June 2020	125,665	125,665
Additions	36,892	36,892
Exchange differences	3,456	3,456
Amortisation expense	(32,321)	(32,321)
Balance at 30 June 2021	133,692	133,692

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Note 18. Current liabilities - trade and other payables

	Consolidated	
	2021	2020
	\$	\$
Trade payables	332,851	262,507
Convertible note redemption payout with interest	816,814	-
Other payables	159,686	97,355
	<u>1,309,351</u>	<u>359,862</u>

Refer to note 29 for further information on financial instruments.

Note 19. Current liabilities - borrowings

	Consolidated	
	2021	2020
	\$	\$
Bank loans	66,665	26,662
Related party loan (refer note 23)	-	2,500,000
Convertible notes payable	-	2,188,335
	<u>66,665</u>	<u>4,714,997</u>

Refer to note 29 for further information on financial instruments.

Note 20. Current liabilities - lease liabilities

	Consolidated	
	2021	2020
	\$	\$
Lease liability	-	231,106

Refer to note 29 for further information on financial instruments.

Note 21. Current liabilities - provisions

	Consolidated	
	2021	2020
	\$	\$
Employee benefits	88,917	52,709

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Note 22. Current liabilities - Trust account insurer liabilities

	Consolidated	
	2021	2020
	\$	\$
Underwriter's liability	18,336,288	12,719,614
Other	523,432	377,514
	<u>18,859,720</u>	<u>13,097,128</u>
	Consolidated	
	2021	2020
	\$	\$
Trust account insurer assets		
Insurance debtors	11,418,742	9,515,767
Trust accounts	7,807,520	3,724,992
Total trust account assets	<u>19,226,262</u>	<u>13,240,759</u>
Trust account insurer liabilities		
Underwriter's liability	(18,336,288)	(12,719,614)
Other	(523,432)	(377,514)
Total trust account liabilities	<u>(18,859,720)</u>	<u>(13,097,128)</u>
Excess of insurance assets over liabilities	<u>366,542</u>	<u>143,631</u>

Note 23. Non-current liabilities - borrowings

	Consolidated	
	2021	2020
	\$	\$
Related party loan	2,500,000	-

Refer to note 29 for further information on financial instruments.

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

	Consolidated	
	2021	2020
	\$	\$
<i>Secured liabilities</i>		
Bank loan	66,665	26,662
<i>Unsecured liabilities</i>		
Related party loan	2,500,000	2,500,000

Note 24. Non-current liabilities - provisions

	Consolidated	
	2021	2020
	\$	\$
Employee benefits	<u>9,936</u>	<u>3,276</u>

Note 25. Equity - issued capital

	2021 Shares	Consolidated 2020 Shares	2021 \$	2020 \$
Ordinary shares - fully paid	718,254,117	570,956,232	22,241,201	19,291,070

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2019	316,086,819		16,301,785
Capital raising and transaction costs		254,869,413	\$0.015	2,989,285
Balance	30 June 2020	570,956,232		19,291,070
Conversion of options	30 April 2021	1,244,800	\$0.020	24,896
Conversion of options	21 May 2021	24,267,358	\$0.020	485,347
Conversion of options	8 June 2021	25,186,932	\$0.020	503,739
Conversion of convertible notes	30 June 2021	96,598,795	\$0.015	1,448,982
Movement of Reserves to Issued Capital				487,167
Balance	30 June 2021	718,254,117		22,241,201

Consolidation of Capital

Subsequent to year end the Company implemented a 10 to 1 share consolidation. Post consolidation there were a total of 80,158,745 securities on issue. This was approved at the General Meeting of shareholders on 28th of July 2021.

Ordinary shares

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

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

Partly Paid Shares

Partly Paid Shares were issued at a price of 20 cents of which 0.01 of one cent was paid with the balance payable, at the election of the holder, any time within five years from the date of Shareholder approval of the special resolution, being 30 November 2020, in accordance with resolution 13 of the Company's 2015 Annual General Meeting.

The Partly Paid Shares were not subject to calls by Ensurance and any of the Partly Paid Shares which were not fully paid up at the expiration date of 30 November 2020 shall be forfeited. All Partly paid shares were forfeited during the year.

Partly-paid shares	-	8,000,000
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Options

63,217,342 unlisted \$0.02 options expired on 6th June 2021. Of these options 50,699,090 were exercised into ordinary shares and 12,518,252 options lapsed.

Convertible notes

The convertible notes expired on 30 June 2021. Of these notes, \$1,448,982 were converted into share capital, resulting in the issue of 96,598,795 ordinary shares. The remaining notes balance of \$772,506 was repaid to subscribers.

Share buy-back

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

Note 25. Equity - issued capital (continued)

Capital risk management

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

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

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

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

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

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

Note 26. Equity - reserves

	Consolidated	
	2021	2020
	\$	\$
Revaluation surplus reserve	(800)	(800)
Foreign currency translation reserve	(144,362)	(161,113)
Share-based payments reserve	219,326	1,917,182
Convertible Note Options Premium Reserve	-	155,942
	<hr/>	<hr/>
	74,164	1,911,211
	<hr/>	<hr/>

Note 26. Equity - reserves (continued)

Movements in reserves

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

Consolidated	Asset Revaluation \$	Share Based Payment \$	Foreign Currency Translation \$	Convertible Note Option Premium \$	Total \$
Balance at 1 July 2019	(680)	1,289,604	(11,197)	203,927	1,481,654
Revaluation - gross	(120)	-	-	-	(120)
Translation of Ensurance UK	-	-	(149,916)	-	(149,916)
Rollover of Convertible Notes	-	-	-	(47,985)	(47,985)
Capital raising and transaction costs	-	560,528	-	-	560,528
Forfeit of options	-	(8,438)	-	-	(8,438)
Expense of Options	-	75,488	-	-	75,488
Balance at 30 June 2020	(800)	1,917,182	(161,113)	155,942	1,911,211
Foreign currency translation	-	-	16,751	-	16,751
Expense of options	-	79,563	-	-	79,563
Lapse of options and performance rights	-	(1,391,973)	-	-	(1,391,973)
Issue of shares on exercise of options	-	(385,446)	-	-	(385,446)
Redemption of convertible notes	-	-	-	(54,225)	(54,225)
Issue of shares on conversion of convertible notes	-	-	-	(101,717)	(101,717)
Balance at 30 June 2021	(800)	219,326	(144,362)	-	74,164

Note 27. Equity - accumulated losses

	Consolidated	
	2021 \$	2020 \$
Accumulated losses at the beginning of the financial year	(22,266,476)	(20,161,478)
Loss after income tax expense for the year	(1,302,838)	(2,153,771)
Transfer from Share based payment reserve	54,225	40,335
Transfer from Convertible notes options premium reserve	1,391,974	8,438
Accumulated losses at the end of the financial year	(22,123,115)	(22,266,476)

Note 28. Equity - dividends

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

Note 29. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Note 29. Financial instruments (continued)

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group has no material exposure to foreign exchange risk on its financial instruments.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk. Due to the low amount of debt exposed to floating interest rates, interest rate risk is not considered a high risk to the Group. Movement in interest rates on the Group's financial liabilities and assets is not material.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

The objective of the Group is to minimise the risk of loss from credit risk and trade only with creditworthy third parties.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the statement of financial position.

The Group establishes that no allowance for impairment is necessary in respect of trade and other receivables.

Exposure

The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia or the United Kingdom.

Impairment losses

The ageing of the Group's trade and other receivables at reporting date was as follows (standard terms of trade are 90 days in the UK and 30 days in Australia):

Note 29. Financial instruments (continued)

	Gross 2021	Impaired 2021	Net 2021	Past due but not impaired 2021
Current trade and other receivables				
Commissions	1,613,593	(34,125)	1,579,468	-
Ensurance Underwriting Pty Limited sale proceeds	165,000	-	165,000	-
Other	11,666	-	11,666	-
Non-current trade and other receivables				
Ensurance Underwriting Pty Limited sale proceeds	312,319	(15,362)	296,957	-
	<u>2,102,578</u>	<u>(49,487)</u>	<u>2,053,091</u>	<u>-</u>

Liquidity risk

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

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

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

Remaining contractual maturities

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

Consolidated - 2021	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	(1,303,167)	-	-	-	(1,303,167)
Trust account insurer liabilities	-	(18,859,720)	-	-	-	(18,859,720)
<i>Interest-bearing - fixed rate</i>						
Bank loans	5.27%	(66,666)	-	-	-	(66,666)
Other loans	11.00%	-	(2,500,000)	-	-	(2,500,000)
Total non-derivatives		<u>(20,229,553)</u>	<u>(2,500,000)</u>	<u>-</u>	<u>-</u>	<u>(22,729,553)</u>

Note 29. Financial instruments (continued)

Consolidated - 2020	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	(359,862)	-	-	-	(359,862)
Trust account insurer liabilities	-	(13,097,128)	-	-	-	(13,097,128)
<i>Interest-bearing - variable</i>						
Bank loans	2.27%	(26,662)	-	-	-	(26,662)
Other loans	16.00%	(2,500,000)	-	-	-	(2,500,000)
Convertible notes	8.00%	(2,188,335)	-	-	-	(2,188,335)
Total non-derivatives		(18,171,987)	-	-	-	(18,171,987)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

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

Note 30. Key management personnel disclosures

Directors

The following persons were directors of Ensurance Limited during or since the end of the financial year:

Mr Tony Leibowitz	Executive Chairman
Mr Adam Davey	Non-Executive Director (resigned 2 July 2021)
Mr Tony Wehby	Non-Executive Director
Mr Sam Hallab	Non-Executive Director (appointed 2 July 2021) and Company Secretary

Other key management personnel

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

Mr Tim James	CEO of Ensurance UK Limited
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Compensation

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

	Consolidated 2021 \$	2020 \$
Short-term employee benefits	769,842	1,049,873
Post-employment benefits	118,105	116,853
	<u>829,194</u>	<u>1,166,726</u>

Note 31. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Mazars Risk & Assurance Pty Limited, the auditor of the company:

	Consolidated	
	2021	2020
	\$	\$
<i>Audit services - Mazars Risk & Assurance Pty Limited</i>		
Audit or review of the financial statements	80,000	91,250

Note 32. Related party transactions

Parent entity

Ensurance Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 34.

Key management personnel

Disclosures relating to key management personnel are set out in note 30 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2021	2020
	\$	\$
Interest paid to Kalonda Pty Limited	399,499	403,839
Other transactions:		
On 18 August 2020, the Company paid Mr Tony Leibowitz for a letter of guarantee, confirming he would continue to support the Company financially for eighteen months.	20,000	20,000
Remuneration paid to related parties of KMP	-	47,464

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2021	2020
	\$	\$
Current borrowings:		
Kalonda Pty Limited	-	(2,500,000)
Non-current borrowings:		
Kalonda Pty Limited	(2,500,000)	-

Note 32. Related party transactions (continued)

Unsecured loan from Kalonda Pty Ltd, associated entity of Executive Chairman Tony Leibowitz. Term of 2 years at interest rate of 16% pa.

This agreement was renewed on 30 June 2021, with an effective date of 1 July 2021. The term is for 18 months at an interest rate of 11% pa. It also includes an additional working capital facility of \$750,000, if required.

Terms and conditions

All transactions were made on normal commercial terms and conditions.

Note 33. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2021	2020
	\$	\$
Loss after income tax	(1,060,889)	(996,914)
Total comprehensive income	(1,060,889)	(996,914)

Statement of financial position

	Parent	
	2021	2020
	\$	\$
Total current assets	1,004,045	1,037,624
Total assets	3,075,061	2,605,403
Total current liabilities	862,777	4,742,819
Total liabilities	3,362,777	4,742,819
Equity		
Issued capital	27,362,797	25,049,391
Revaluation surplus reserve	(800)	(800)
Foreign currency translation reserve	(259,862)	(252,893)
Share-based payments reserve	324,626	1,500,476
Convertible notes options premium reserve	-	155,942
Accumulated losses	(27,714,477)	(28,589,532)
Total deficiency in equity	(287,716)	(2,137,416)

Impairment of investments and loans to subsidiaries

The Board of Ensurance Ltd has undertaken an impairment assessment of the parent entity's investment in Ensurance Capital of \$7,525,195, its investment in Ensurance UK Ltd of \$7,657,953 and loans to subsidiaries of \$9,665,510. As a result of this assessment, the Company has recognised an impairment to the investment of \$7,525,195 and \$5,590,727, respectively and an impairment to the loans of \$9,665,510. This equates to an impairment loss of \$22,781,432. Of this amount \$0 is recognised in the current year (2020: \$2,346,318). These impairments relate only to disclosures as contained in this Note.

Note 33. Parent entity information (continued)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1. The only exception to this is Investments in subsidiaries, which are accounted for at cost less any impairment in the parent entity.

Note 34. Interests in 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:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
Ensurance Capital Pty Limited	Australia	100.00%	100.00%
Ensurance IT Pty Limited	Australia	100.00%	100.00%
Ensurance UK Limited	United Kingdom	100.00%	100.00%

Note 35. Events after the reporting period

Acquisition of TK Specialist Risks Pty Ltd (TKSR)

Ensurance has acquired 100% of an Australian boutique underwriting agency, TKSR, through the issue of 83,333,334 Ensurance shares at a deemed 3 cents per share. This was approved at the General Meeting of shareholders on 28th of July 2021.

Post-acquisition, Mr Tom Kent will remain with Ensurance Limited and lead the freshly re-branded Australian operation as it begins to further expand its footprint via;

- (1) organic growth with via its existing Australia-wide network of Australian brokers,
- (2) accretive acquisitions,
- (3) distribution of products on behalf of the UK division of Ensurance, and
- (4) release of new insurance products backed by key insurance partners

The above shares were issued and quoted pre-consolidation on the 28 July 2021. On this basis, the total securities on issue pre-consolidation were 801,587,451.

Consolidation of Capital

Subsequent to year end, the Company implemented a 10 to 1 share consolidation. Post consolidation there were a total of 80,158,745 securities on issue. This was approved at the General Meeting of shareholders on 28th of July 2021.

Ensurance Underwriting Pty Limited sale proceeds

360 Construction and Engineering Pty Limited paid the remaining sale proceeds outstanding, ahead of the contract dates of 31 July 2022 and 31 July 2023. The funds were received by the 12 August 2021.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Ensurance Limited and controlled entities
Notes to the financial statements
30 June 2021



Note 36. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2021	2020
	\$	\$
Loss after income tax expense for the year	(1,302,838)	(2,153,771)
Adjustments for:		
Depreciation and amortisation	152,097	405,780
Convertible note interest	177,719	192,226
Profit on disposal of Ensurance Underwriting Pty Limited	-	(856,478)
Convertible note option premium reserve	96,264	(352,294)
Dilapidation costs	52,554	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(1,628,475)	641,904
Increase in prepayments	(64,689)	(60,443)
Increase/(decrease) in trade and other payables	1,375,555	(1,814,156)
Increase/(decrease) in employee benefits	42,867	(56,953)
Net cash used in operating activities	<u>(1,098,946)</u>	<u>(4,054,185)</u>

Note 37. Options

At the date of signing this report, the following unlisted options were on issue:

Grant Date	Expiry Date	Exercise Price		Number of Options	
		Pre share consolidation	Post share consolidation	Pre share consolidation	Post share consolidation
28/11/2018	31/12/2021	\$0.04	\$0.40	3,000,000	300,000
28/11/2018	31/12/2022	\$0.06	\$0.60	5,000,000	500,000
28/11/2018	31/12/2023	\$0.09	\$0.90	7,000,000	700,000
				<u>15,000,000</u>	<u>1,500,000</u>

Note 38. Earnings per share

	Consolidated	
	2021	2020
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Ensurance Limited	<u>(1,302,838)</u>	<u>(2,864,588)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>575,745,376</u>	<u>570,956,232</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>575,745,376</u>	<u>570,956,232</u>
	Cents	Cents
Basic earnings per share	(0.23)	(0.50)
Diluted earnings per share	(0.23)	(0.50)

Note 39. Share-based payments

Employee incentive share plan

An offer of fully paid ordinary shares were made and accepted by four employees under the Incentive Share Plan, to be issued in four tranches as follows:

	2021 Pre share consolidation	2021 Post share consolidation	2020
<i>Ordinary Shares</i>			
Target issue date of March 2022	1,000,000	100,000	1,000,000
Target issue date of March 2023	1,000,000	100,000	1,000,000
Target issue date of June 2022	3,250,000	325,000	3,250,000
Target issue date of June 2023	3,250,000	325,000	3,250,000
	<u>8,500,000</u>	<u>850,000</u>	<u>8,500,000</u>

Performance Rights

	2021 Pre share consolidation	2021 Post share consolidation	2020
Class A	-	-	1,500,000
Class B	-	-	500,000
Class C	7,500,000	750,000	
Class D	7,500,000	750,000	-
Class E	10,000,000	1,000,000	-
	<u>25,000,000</u>	<u>2,500,000</u>	<u>2,000,000</u>

On 25 January 2021, 750,000 Performance Rights Class C (Class C Rights) were granted to Tim James. Upon Ensurance UK achieving an NRC of 2,689,310 pounds and EBITDA of 254,235 pounds on 30 June 2021, the Class C Rights will vest, entitling the holder or his nominee to 1 fully paid ordinary share in the Company per vested Class C Right. The Class C Rights hold no voting or dividend rights and are not transferable.

On 25 January 2021, 750,000 Performance Rights Class D (Class D Rights) were granted to Tim James. Upon Ensurance UK achieving an NRC of 3,739,182 pounds and EBITDA of 875,970 pounds on 30 June 2022, the Class D Rights will vest, entitling the holder or his nominee to 1 fully paid ordinary share in the Company per vested Class D Right.

On 25 January 2021, 1,000,000 Performance Rights Class E (Class E Rights) were granted to Tim James. Upon Ensurance UK achieving an NRC of 4,595,970 pounds and EBITDA of 1,426,675 pounds on 30 June 2023, the Class E Rights will vest, entitling the holder or his nominee to 1 fully paid ordinary share in the Company per vested Class E Right.

During the year the vesting rules for Performance Rights Class A and Class B were not achieved and have been forfeited.