

MoneyMe Financial Group Pty Ltd

ABN 40 163 691 236

General Purpose Tier 2 Financial Report (Reduced Disclosure Requirements)

For the Year Ended 30 June 2018

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Directors' Report

The directors of MoneyMe Financial Group Pty Ltd submit herewith the annual financial report of the Group for the financial year ended 30 June 2018. The directors report as follows:

Information about the Directors

The names and particulars of the directors of the Group during or since the end of the financial year are:

Name

Mr. Scott F.Y. Emery
Mr. Steven M. Bannigan
Mr. Clayton Y. Howes

Principal Activities

The consolidated entity's principal activities in the course of the financial year is to provide consumer finance through the MoneyMe platform.

Review of Operations

The profit after providing for income tax amounted to \$720,576 (2017: profit after income tax of \$1,690,510).

Changes in State of Affairs

During the financial year, the consolidated entity was formed with the addition of MoneyMe Velocity Warehouse Trust. Other than the above, there was no significant change in the state of affairs of the consolidated entity during the financial year.

Subsequent Events

During the year ended 30 June 2018, 4,923 additional ordinary shares (\$1,100,000) were issued to new shareholders as part of a capital raise. The closure of the capital raise was completed in October 2018.

Further, on 21st July 2018, MoneyMe Financial Group Pty Ltd relocated their offices to Level 3, 131 Macquarie Street, Sydney, NSW 2000.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

Environmental Regulations

The Group is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

Dividends

In respect of the financial year ended 30 June 2018, no dividend was declared to the holders of fully paid ordinary shares.

Indemnification of Officers and Auditors

The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' Report (continued)

Shares Under Option or Issued on Exercise of Options

Details of unissued shares or interests under option as the date of this report are:

Executive premium share options:

Options Name	Grant Date	Grant Date Fair Value
Start Up EPSOP	17 July 2017	\$34.30

Issuing Entity	Number of Shares Under Option	Class of Shares	Exercise Price of Option	Expiry Date of Options
MoneyMe Financial Group Pty Ltd	2,500	ORD	\$240.00	17 Oct 2018

Employee share options:

Options Name	Grant Date	Grant Date Fair Value
Start Up ESOP	01 Dec 2017	\$76.20

Issuing Entity	Number of Shares Under Option	Class of Shares	Exercise Price of Option	Expiry Date of Options
MoneyMe Financial Group Pty Ltd	2,725	ORD	\$290.00	1 Dec 2020

Shares issued on exercise of options

During or since the end of the financial year, the Group did not issue any ordinary shares of the company as a result of the exercise of options.

Proceedings on behalf of the Group

No persons were granted leave to bring or intervene in, proceedings on behalf of the Group, during or since the end of the financial year. There were also no proceedings on behalf of the Group during or since the end of the financial year.

Auditor's Independence Declaration

The auditor's independence declaration is included after this report on page 3.

This directors' report is signed in accordance with a resolution of directors.

On behalf of the Directors



.....
Clayton Howes
CEO, Director
Sydney, 16 November 2018

Independent Auditor's Report to the Directors of MoneyMe Financial Group Pty Ltd

Opinion

We have audited the financial report of MoneyMe Financial Group Pty Ltd (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2018, 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, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Group's financial position as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018 but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

Management of the Group is responsible for the preparation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Regime and for such internal control as management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Joshua Tanchel
Partner
Chartered Accountants
Sydney, 16 November 2018

Directors' Declaration

In the opinion of the directors of MoneyMe Financial Group Pty Limited (the Group):

- a) the financial statements and notes set out on pages 7 to 33 provide a true and fair view of the entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the Directors



.....
Clayton Howes
CEO, Director

Sydney, 16 November 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue			
Total Portfolio Revenue	4	22,739,906	15,387,646
Other Revenue	5	1,313,144	512,688
Total Revenue		24,053,050	15,900,334
Cost of Sales	6	(2,128,197)	(1,613,031)
Net Portfolio Revenue		21,924,853	14,287,303
Employee costs	7	(2,814,889)	(2,224,694)
Advertising		(1,029,056)	(822,528)
Depreciation and Amortisation Expense		(118,471)	(58,596)
Bad Debts		(9,765,546)	(4,823,127)
Consulting		(554,227)	(177,456)
Administration		(143,798)	(262,537)
Occupancy		(324,347)	(298,242)
Finance Costs	22	(5,733,951)	(2,996,007)
General Expenses		(538,513)	(445,434)
Travel		(152,582)	(126,758)
Share Based Payments	24	(89,717)	-
Profit Before Income Tax		659,756	2,051,924
Income Tax Benefit / (Expense)	17	60,820	(361,414)
Profit For the Year		720,576	1,690,510
Other Comprehensive Income			
Other Comprehensive Income for the Period		-	-
Total Comprehensive Income for the Period		720,576	1,690,510

The financial statements are to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	2018 \$	2017 \$
Assets			
Cash and Cash Equivalents	16	3,503,307	5,300,924
Trade Receivables	8	457,082	141,709
Loan Receivables	9	45,116,333	38,374,052
Deferred Tax Assets	18	83,131	352,583
Property, Plant & Equipment	10	51,031	55,546
Intangible Assets	11	481,720	246,695
Total Assets		49,692,604	44,471,509
Liabilities			
Borrowings	13	44,392,159	41,004,875
Trade Payables and Accrued Expenses	12	450,098	384,218
Current Tax Payable		187,759	403,031
Provisions	14	144,890	71,980
Total Liabilities		45,174,906	41,864,104
Net Assets		4,517,698	2,607,405
Equity			
Issued Capital	15	2,794,000	1,694,000
Retained Earnings		1,633,981	913,405
Share Based Payments Reserve	23	89,717	-
Total Equity		4,517,698	2,607,405

The financial statements are to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

	Ordinary Shares	Reserves	Retained Earnings	Total
	\$	\$	\$	\$
Balance as at 1 July 2016	1,694,000	-	(777,104)	916,896
Profit for the Year	-	-	1,690,509	1,690,509
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	1,690,509	1,690,509
Balance as at 30 June 2017	1,694,000	-	913,405	2,607,405
Balance as at 1 July 2017	1,694,000	-	913,405	2,607,405
Profit for the Year	-	-	720,576	720,576
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	720,576	720,576
Shares Issued	1,100,000	-	-	1,100,000
Share Based Payment Reserve	-	89,717	-	89,717
Balance as at 30 June 2018	2,794,000	89,717	1,633,981	4,517,698

The financial statements are to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash Flow from Operating Activities			
Receipts from Customers		23,700,205	15,933,616
Payments to Suppliers and Employees		(8,037,843)	(5,873,330)
Interest Received		37,471	3,002
Interest Paid		(4,692,335)	(2,996,007)
Income Tax Paid		115,000	315,981
Net Cash Inflows from Operating Activities		11,122,498	7,383,262
Cash Flow from Investing Activities			
Purchase of Property, Plant and Equipment		(31,008)	(27,439)
Purchase of Intangible Assets		(868,565)	(273,497)
Loans originated during the year		(71,799,750)	(76,436,138)
Proceeds from repayments of customer loans		55,291,923	38,069,513
Net Cash Outflows from Investing Activities		(17,407,400)	(38,667,561)
Cash Flow from Financing Activities			
Proceeds from Borrowings		43,387,284	32,170,665
Repayment of Borrowings		(40,000,000)	-
Proceeds from Issued Share Capital		1,100,000	-
Net Cash Inflows from Financing Activities		4,487,284	32,170,665
Net Decrease in Cash and Cash Equivalents		(1,797,618)	886,366
Cash and Cash Equivalents at the Beginning of the Year		5,300,925	4,414,558
Cash and Cash Equivalents as at 30 June 2018	16	3,503,307	5,300,924

The financial statements are to be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

1. General Information

MoneyMe Financial Group Pty Ltd (the Company) is a for-profit proprietary limited company incorporated in Australia. Its parent and ultimate holding company is MoneyMe Financial Group Pty Ltd. The addresses of its registered office and principal place of business are as follows:

MoneyMe Financial Group Pty Ltd
Level 3
131 Macquarie Street
Sydney NSW 2000
T: +61 1300 669 059

The principal activities of the Company and its subsidiaries (the Group) is to provide consumer finance through the MoneyMe platform.

2. Significant Accounting Policies

2.1. Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with authoritative pronouncements of the Australian Accounting Standards Board. The Group is a for-profit, private sector entity which is not publicly accountable. Therefore, the consolidated financial statements for the Group are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDRs). The financial report has been prepared on a historical cost basis, except for certain assets which, as noted, are measured at fair value. All amounts are presented in Australian dollars, unless otherwise noted.

The financial report has been prepared in accordance with significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of the directors. Disclosure requirements of Australian Accounting Standards and Interpretations have not been adopted in full.

2.2. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

The Company reassesses 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 listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

2.2 Basis of Consolidation (continued)

- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that the decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company 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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.2.1. Changes in the Group's Ownership Interests in Existing Subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.3. Going Concern

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

2.4. Functional & Presentation Currency

The financial statements are presented in Australian dollars, which is the Group's functional currency.

2.5. Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

The Group generates revenue from a combination of establishment fees, monthly fees, interest revenue, late payment charges and other fees.

The directors consider that revenue from establishment fees, monthly fees and interest revenue are akin to financial or portfolio interest income which should be accrued on a time proportionate basis, by reference to the

2.5 Revenue Recognition (continued)

principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset to that asset's gross carrying amount of financial assets. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instruments (regardless of any expected credit losses).

2.6. Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.7. Borrowings

Interest-bearing loans are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings on the effective interest rate of the instrument.

Borrowing costs on the effective interest rate of the instrument directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8. Employee Benefits

2.8.1. Short Term and Other Long Term Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to reporting date.

2.8.2. Retirement Benefit Costs and Termination Benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

2.9. Taxation

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses.

2.9 Taxation (continued)

2.9.1. Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2. Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3. Current and Deferred Tax for the Year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination. The method adopted for measuring the current and deferred tax amounts for the year is on a stand-alone taxpayer basis whereby the consolidated group is recognised as one entity and thus recognised in the Company (head entity) only.

2.10. Property, Plant, and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition.

The depreciable amount of all fixed assets is depreciated on straight-line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The estimated useful life, residual values and depreciation method are reviewed at the end of each annual reporting period.

2.10. Property, Plant, and Equipment (continued)

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following estimated useful lives are used in the calculation of depreciation:

- Office Equipment ranges from 4 to 5 years
- Office Furniture over 5 years
- Leasehold Improvements over the shorter of either the unexpired period of the lease or the life of the improvements
- Computer Equipment over 1 to 2 years

2.11. Intangible Assets

2.11.1. Intangible Assets Acquired Separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The following estimated useful lives are used in the calculation of amortisation:

- Computer Software ranges from 1 to 5 years
- Website Development ranges from 1 to 5 years
- Loan Platform over 5 years

2.11.2. IT Software development asset

IT Software development costs are capitalised only when:

- the technical feasibility and commercial viability of the project is demonstrated
- the Group has an intention and ability to complete the project and use it or sell it; and
- the cost can be measure reliably

Such costs include payments to external contractors to develop the software, systems and personnel costs of employees directly involved in the project.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

The applicable estimated useful lives of these intangibles are between 1 to 5 years.

2.11.3. Research and Development Expenditure

Expenditure during the research and development phase of a project is recognised as an expense when incurred.

2.11.4. Derecognition of Intangible Assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.11.5. Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, including non-financial assets to determine whether there is any indication that those assets have

2.11.5. Impairment of Tangible and Intangible Assets Other Than Goodwill (continued)

suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.12. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.13. Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.14. Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and

2.14. Financial Assets (continued)

derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

2.14.1. Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

2.14.2. Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

2.14.3. Trade and Other Receivables

Other financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All trade and other receivables are recognised at the amounts receivable as they are due for settlement. Collectability of trade receivables are reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for doubtful debts is raised where some doubt as to collection exists.

2.14.4. Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, other than AFS assets, objective evidence of impairment could include:

- Significant financial difficulty of the borrower; or
- Breach of contract, such as default or delinquency in interest or principal payments; or
- It becomes probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance account, all other impairment losses on financial assets at amortised cost are taken directly to the asset. Subsequent recoveries of amounts previously written off are credited against other income in the statement of profit or loss.

2.14.5. Derecognition of Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.15. Financial Liabilities and Equity Instruments**2.15.1. Classification as Debt or Equity**

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.15.2. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2.15.3. Financial Liabilities

Financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Other financial liabilities also include the securitised notes liability of \$42.45 million and the notes subscriptions structure as at 30 June 2018 is as per below:

	Principal Balance (\$)	Facility Limit (\$)	Maturity Date
Class A	22,450,000	100,000,000	16 November 2020
Class B	20,000,000	20,000,000	16 November 2020

2.15.3.1. Derecognition of Financial Liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.16. 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 maturities of three months or less.

2.17. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

2.18. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant estimates and judgements made have been described below.

3.1.1. Valuations of Loans and Receivables

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. In respect of such assets and liabilities, their carrying amount is disclosed as at the end of the reporting period. One of the key sources of estimation uncertainty relate to the recoverability of loan receivable from customers. The recoverability of customer receivables requires the entity to assess impairment regularly.

The allowance for bad debts raised, represents management's best estimate of losses incurred in the receivables portfolio at reporting date based on their experience and judgement. The Group estimates collective provisions on the basis of historical loss experience for assets with similar credit characteristics by the entity and other companies with similar portfolios.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

4. Total portfolio income

	2018 \$	2017 \$
Portfolio income from loans	22,739,906	15,387,646
	22,739,906	15,387,646

5. Other revenue

	2018 \$	2017 \$
Referral and commission income	553,880	425,852
Bad debt income	721,792	83,834
Interest income on bank deposits	37,472	3,002
	1,313,144	512,688

6. Cost of sales

	2018 \$	2017 \$
Referrals	785,197	672,644
Loan Repayment Transactions	632,318	377,776
Credit Bureau	539,817	351,334
Bank Statements	150,479	151,240
Project Costs	1,422	18,570
Visa Operating Expenses	18,964	41,467
	2,128,197	1,613,031

7. Employee benefits expense

	2018 \$	2017 \$
Wages and Salaries	2,404,687	1,908,348
Superannuation	194,047	142,699
Other employee benefits	216,155	316,346
	2,814,889	2,367,393

8. Trade and other receivables

	2018 \$	2017 \$
Rental bond	370,294	55,754
Prepayments	52,402	58,423
GST receivables	21,253	15,084
Other receivables from third parties	13,133	12,448
	457,082	141,709

9. Loan receivables

	2018 \$	2017 \$
Loans to customers	48,161,554	39,313,705
Less: Provision for doubtful debts	(3,045,221)	(939,653)
	45,116,333	38,374,052

9.1 Loans movement reconciliation

	2018 \$	2017 \$
Opening balance	38,374,052	4,830,554
Loans originated during the year	71,799,750	76,436,138
Less: Principal repayments received	(55,291,923)	(38,069,513)
Less: Bad debts written off	(7,640,719)	(3,892,045)
Less: Provision for doubtful debts	(2,124,827)	(931,082)
Closing balance	45,116,333	38,374,052

	2018 \$	2017 \$
10. Property, plant and equipment		
<u>Office equipment</u>		
At cost	34,897	33,440
Accumulated depreciation	(21,499)	(18,112)
Total office equipment	13,398	15,328
<u>Office furniture</u>		
At cost	20,989	12,791
Accumulated depreciation	(7,905)	(4,388)
Total office furniture	13,084	8,403
<u>Computer equipment</u>		
At cost	77,784	60,271
Accumulated depreciation	(56,951)	(39,897)
Total computer equipment	20,833	20,374
<u>Leasehold improvements</u>		
At cost	24,516	24,516
Accumulated depreciation	(20,800)	(13,075)
Total leasehold improvements	3,716	11,441
Total property, plant and equipment	51,031	55,546

10. Property, plant and equipment (continued)

	Office equipment	Office furniture	Computer equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2016					
Opening carrying amount	17,423	9,462	8,146	19,743	54,774
Additions	1,853	1,768	18,648	-	22,269
Depreciation expense	(3,948)	(2,827)	(6,420)	(8,302)	(21,497)
Balance at end of the year	15,328	8,403	20,374	11,441	55,546

	Office equipment	Office furniture	Computer equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2017					
Opening carrying amount	15,328	8,403	20,373	11,441	55,545
Additions	1,457	8,198	17,514	-	27,170
Depreciation expense	(3,387)	(3,517)	(17,054)	(7,725)	(31,683)
Balance at end of the year	13,398	13,084	20,833	3,716	51,031

	2018	2017
	\$	\$
11. Intangible assets		
<u>Computer software</u>		
Cost	31,470	14,970
Accumulated amortisation and impairment	(11,945)	(8,644)
Net carrying value	19,525	6,326
<u>Website costs</u>		
Cost	14,525	14,525
Accumulated amortisation and impairment	(14,525)	(13,986)
Net carrying value	-	539
<u>Loan platform</u>		
Cost	576,821	271,508
Accumulated amortisation and impairment	(114,626)	(31,678)
Net carrying value	462,195	239,830
Total intangible assets	481,720	246,695

11. Intangible assets (continued)

	Computer software	Website costs	Loan platform	Total
	\$	\$	\$	\$
Balance at 1 July 2016				
Opening carrying amount	836	4,039	-	4,875
Additions	7,158	-	271,508	278,666
Amortisation expense	(1,668)	(3,500)	(31,678)	(36,846)
Balance at end of the year	6,326	539	239,830	246,695

	Computer software	Website costs	Loan platform	Total
	\$	\$	\$	\$
Balance at 1 July 2017				
Opening carrying amount	6,326	539	239,830	246,695
Additions	16,500	-	305,313	321,813
Amortisation expense	(3,301)	(539)	(82,948)	(86,788)
Balance at end of the year	19,525	-	462,195	481,720

12. Trade and other payables

	2018	2017
	\$	\$
Trade payables	-	53,738
Accrued expenses	174,621	270,338
Other payables	275,477	60,142
	450,098	384,218

13. Borrowings

	Note	2018	2017
		\$	\$
Loan from related parties and financiers - unsecured	(i)	1,942,159	1,004,875
Other finance facilities - secured	(ii)	42,450,000	40,000,000
		44,392,159	41,004,875

13. Borrowings (continued)

- (i) The amount relates to loans payable to related parties; Howes Family Trust, Bannigan Family Trust and Emery Pty Ltd and other individual financiers. All unsecured loans are provided without restrictions on uses on funds and are repayable on demand within 60-150 days of written notice by the lender.
- (ii) The Group sells originated Medium and Personal loan receivables to a special purpose vehicle warehouse (MME Velocity Warehouse Trust) through its asset-backed securitisation program. The special purpose vehicle is consolidated as the consolidated entity has rights to the residual returns of the MME Velocity Warehouse Trust. The consolidated entity serves as originator, servicer and purchaser of notes in the MME Velocity Warehouse Trust.

	Principal Balance (\$)	Facility Limit (\$)	Maturity Date
Class A	22,450,000	100,000,000	16 November 2020
Class B	20,000,000	20,000,000	16 November 2020

At 30 June 2018, Class A's undrawn facility amount to \$77.5 million. Class B's facility has been fully drawn down.

The prior year secured finance facilities (2017: \$40 million) related to funds borrowed under the facility arrangement with McDonalds Bros Distribution Pty Ltd which has been fully repaid during the year ended 30 June 2018.

It is noted that there have been no breach of covenants as at the reporting date.

- (iii) The amount of borrowing costs capitalised in the financial year was \$2,637,135.93 to be amortised over 4 years. These borrowing costs are in relation to the \$120M debt facility put in place in November 2017. For reporting purposes the amortisation of the borrowing costs have been treated as interest paid expenses.

14. Provisions

	2018 \$	2017 \$
Annual leave provisions	121,472	60,979
Long service leave	23,418	11,001
	144,890	71,980

	Annual leave provisions \$	Long service leave \$
Balance at 1 July 2017	60,979	11,001
Provisions made during the year	83,775	12,417
Provisions used during the year	(23,282)	-
Balance at 30 June 2018	121,472	23,418

15. Issued Capital

	2018	2017
	\$	\$
246,134 (2017: 241,211) Ordinary shares	2,794,000	1,694,000
Total Issued Capital	2,794,000	1,694,000

	2018	2017
Reconciliation of Ordinary Shares		
At the beginning of the year	241,211	241,211
Shares issued during the year	4,923	-
At the end of the year	246,134	241,211

During the year ended 30 June 2018, 4,923 additional fully paid ordinary shares (\$1,100,000) were issued to new shareholders as part of a capital raise. The closure of the capital raise was completed in October 2018.

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

16. Cash and cash equivalents

	2018	2017
	\$	\$
Cash at bank	3,503,307	5,300,924
	3,503,307	5,300,924

It is noted that the restricted cash portion of the above cash at bank amount is \$3,095,135.

17. Income tax expense

	2018	2017
	\$	\$
(a) The components of tax expense comprise		
Current tax	(330,272)	678,310
Deferred tax	269,452	(316,896)
	(60,820)	361,414
(b) Numerical reconciliation between tax expense and pre-tax accounting profit		
Profit before income tax	659,756	2,051,922
Income tax using the domestic tax rate of 27.5% / 30%	181,433	615,577
Effect of expenses that are not deductible	598,215	472,474
Effect of concessions (research and development and other allowances)	(810,590)	(726,636)
Deferred Tax Expense	(27,782)	-
Adjustment from Prior Year	(2,096)	-
Income tax (expense) / benefit	(60,820)	361,414

18. Deferred tax assets

Movements in deferred tax assets and liabilities:

2017	Net balance at 1 July 2016	Recognised in profit or loss	Net deferred tax asset at 30 June 2017
	\$	\$	\$
Borrowing costs	3,193	(657)	2,536
Prepayments	(1,565)	(15,962)	(17,527)
Property, plant and equipment	1,103	-	1,103
Provisions and accruals	32,956	333,515	366,471
Tax assets	35,687	316,896	352,583

2018	Net balance at 1 July 2017	Recognised in profit or loss	Net deferred tax asset at 30 June 2018
	\$	\$	\$
Borrowing costs	2,536	(813)	1,723
Prepayments	(17,527)	17,527	-
Property, plant and equipment	1,103	(1,103)	-
Provisions and accruals	366,471	(316,006)	50,465
Research & Development Tax Offset	-	30,943	30,943
Tax assets	352,583	(269,452)	83,131

19. Commitments

	2018	2017
	\$	\$
Customer loans agreed but not issued at year end	-	-
Minimum lease payments under non-cancellable lease		
- not later than one year	503,400	144,908
- between one year and five years	2,251,737	111,880
	2,755,137	256,788

Current year commitments relate to operating leases in place for the office premises at 131 Macquarie Street, Sydney, NSW 2000. Prior year commitments related to operating leases in place for the office premises at 100 Miller Street, North Sydney, NSW 2060.

20. Contingencies

There are no contingencies at 30 June 2018 (30 June 2017: Nil).

21. Related parties

21.1. Key management personnel compensation

Key management personnel ("KMP") are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly, and include the Directors, executive and non-executive, as well as certain other senior executives.

The totals of remuneration of the KMP of the Group included within employee expenses are as follows:

	2018	2017
	\$	\$
Short-term employee benefits	1,073,983	621,841
Post-employment benefits	96,214	65,276
Share-based payments	-	-
Total KMP remuneration	1,170,197	687,117

Short-term employee benefits

Short term employee benefits include fees and benefits paid to the executive directors and other KMP as well as all salary, fringe benefits and cash bonuses awarded to the non-executive directors.

Post-employment benefits

Post-employment benefits are the cost of superannuation contributions made during the year.

21.2. Parent and ultimate controlling entity

The parent of the Group is MoneyMe Financial Group Pty Ltd, which is also the ultimate controlling entity.

The financial statements of the Group include MoneyMe Velocity Warehouse Trust which is a wholly-owned entity of MoneyMe Financial Group Pty Ltd.

Results of the parent entity are as follows.

	2018	2017
	\$	\$
Parent entity results		
Profit / (Loss) For the Year	857,272	1,690,509
Other Comprehensive Income		
Other Comprehensive Income for the Period	-	-
Total Comprehensive Income for the Period	857,272	1,690,509

Parent entity results

	2018	2017
	\$	\$
Assets		
Cash and Cash Equivalents	430,908	5,300,924
Trade Receivables	1,518,997	141,709
Loan Receivables	2,848,143	38,374,052
Deferred Tax Assets	56,932	352,583
Property, Plant & Equipment	51,031	55,546
Intangible Assets	481,720	246,695
Securitised Note	2,234,211	-
Investment	120	-
Total Assets	7,622,062	44,471,509
Liabilities		
Trade Payables	232,551	325,162
Current Tax Payable	24,863	403,031
Borrowings	2,565,362	41,004,875
Provisions	144,890	131,036
Total Liabilities	2,967,666	41,864,104
Net Assets	4,654,396	2,607,405
Equity		
Issued Capital	2,794,000	1,694,000
Retained Earnings	1,770,679	913,405
Reserve	89,717	-
Total Equity	4,654,396	2,607,405

21.3. Identification of related party transactions and balances

The purchases from and sales to related parties are made on terms equivalent to those that prevail in arm's length transactions and all occurred within the Group and thus eliminated upon consolidation. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash.

	2018	2017
	\$	\$
Other related parties payables	4,028,702	1,061,642
Howes Family Trust - Loan	100,000	100,000
Bannigan Family Trust - Loan	150,000	150,000
Emery Pty Ltd – Loan	3,069,396	154,875
Clayton Howes - Loan	-	56,767
Non-shareholder - Loans	709,306	600,000
	4,028,702	1,061,462

22. Finance Costs	2018	2017
	\$	\$
Interest on loans (other than those from related parties)	4,986,138	2,945,308
Interest on loans from related parties	197,221	50,699
Borrowing costs - amortised	550,592	-
	5,733,951	2,996,007
23. Financial Instruments	2018	2017
	\$	\$
Financial assets		
Cash and bank balances	3,503,307	5,300,924
Loans and receivables	45,116,333	38,374,052
	48,619,640	43,674,976
Financial liabilities		
Trade and other payables	275,477	113,880
Securitised notes	42,450,000	40,000,000
Shareholder interest bearing borrowings	1,912,734	1,004,875
	44,638,211	41,118,755

23.1. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (such as interest rate risk), credit risk and liquidity risk. The Group uses different methods to measure and manage the different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rate, ageing analysis to manage credit risk and cash flow forecasting to monitor and manage liquidity risk.

Risk management is carried out by Senior management, identifying and evaluating financial risks within the Group operating units and reporting to the board on a monthly basis.

The Group's risks and exposures are as below.

23.2. Market Risk

The Group's exposure to market risk arises through interest rate changes. Interest rate changes have been minimal during the year and relates to cash and cash equivalents and interest bearing borrowings.

Interest Rate Sensitivity Analysis

Effect on profit before tax and equity:	2018	2017
	\$	\$
1% increase in interest rates	(426,838)	(205,024)
1% decrease in interest rates	426,838	205,024

23.3. Credit Risk

The Group's exposure to credit risk arises through potential risk a counterparty will default on its contractual obligations, with the maximum exposure of the risk equal to the carrying amount of these receivables at the end of the reporting period being, \$48,161,554 (2017: \$39,313,705) . The Group utilises its proprietary risk decisioning to mitigate against credit risk, leveraging multiple data points including credit agency information and bank statement data, to confirm suitability and appropriate credit limits prior to the issuance of credit.

The Group regularly reviews customer collections, and collections in arrears. Customer receivables that are deemed uncollectable are written off by the Group with attempts to recover continued post write off.

The Group regularly reviews the adequacy of the doubtful debt provision to ensure that it is sufficient for financial reporting purposes as well as reducing the associated risk. The provision is determined through management's best estimates of losses based on historical experience and their experienced judgement. The Group does not hold any collateral.

23.4. Liquidity Risk

The Group's exposure to liquidity risk arises through potential imbalance of cash outflows exceeding inflows. Trade payables and other financial liabilities mainly originate from the financing of loans made to customers, other fixed assets and investments in working capital.

Liquidity risk is managed through continuous monitoring of cash flow forecasts to actuals to ensure that liability obligations are met when they fall due. The Group's balance sheet show an excess of current assets over current liabilities as at 30 June 2018 of \$44,315,461, with the Group having access to \$77,550,000 in committed capital to fund continued growth in its loan portfolio. The Group's current assets, available financing facilities, and ongoing positive operating cash flows continue to be sufficient to satisfy all payment obligations within the timeframes required. Management have undertaken an analysis to look at the earliest terms of which contractual obligations may be paid and assessed the cash flows required.

23.5. Maturities of Financial Instruments

The following tables show all contractually fixed payments and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities.

	Less than 6 months	6 to 12 months	1 to 5 years	Total amounts
Consolidated – 2018	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	3,503,307	-	-	3,503,307
Loans and receivables	-	45,116,333	-	45,116,333
Total financial assets	3,503,307	45,116,333	-	48,619,640

	Less than 6 months	6 to 12 months	1 to 5 years	Total amounts
Consolidated - 2018	\$	\$	\$	\$
Financial liabilities				
Trade and other payables	275,477	-	-	275,477
Securitised notes	-	-	42,450,000	42,450,000
Shareholder interest bearing borrowings	-	4,028,702	-	4,028,702
Total financial liabilities	275,477	4,028,702	42,450,000	46,754,179
Net maturity	3,227,830	41,087,631	(42,450,000)	1,865,461

	Less than 6 months	6 to 12 months	1 to 5 years	Total amounts
Consolidated – 2017	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	5,300,924	-	-	5,300,924
Loans and receivables	-	38,374,052	-	38,374,052
Total financial assets	5,300,924	38,374,052	-	43,674,976
Financial liabilities				
Trade and other payables	113,880	-	-	113,880
Securitised notes	-	10,000,000	30,000,000	40,000,000
Shareholder interest bearing borrowings	-	1,004,875	-	1,004,875
Total financial liabilities	113,880	11,004,875	30,000,000	41,118,755
Net maturity	5,187,044	27,369,177	(30,000,000)	2,556,221

The fair value of financial assets and liabilities held by the Group approximate the individual carrying values of those assets and liabilities.

24. Share Based Payments

MoneyMe Financial Group Pty Ltd operates in an ownership-based scheme for executives and senior employees of the consolidated entity. In accordance with the provisions of the plans, as approved by shareholders as at a previous annual general meeting, executives and senior employees may be granted options to purchase parcels of ordinary shares at an exercise price of \$240.00 or \$290.00 per ordinary share.

Each employee share option converts into one ordinary share of MoneyMe Financial Group Pty Ltd on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Executive Premium Share Option Plan

	Balance at 1 July 2017	Granted	Forfeited, lapsed exercised or vested	Balance at 30 June 2018
17 July 2017	-	2,500	-	2,500
Total	-	2,500	-	2,500

Fair Value of Share Options Granted - Executive Premium Share Option Plan

The fair values at grant dates have been determined via pricing models and take into account the following inputs:

	2018
Grant Date	17/07/2017
Fair value of right	\$34.300
Share price at grant date	\$223.400
Exercise price	\$240.000
Term	15 months
Expected price volatility	45.25%
Expected dividend yield	0.00%
Risk free interest rate	1.67%
Fair value of share based payments as at 30 June 2018	\$64,765

Employee Share Option Plan

	Balance at 1 July 2017	Granted	Forfeited, lapsed exercised or vested	Balance at 30 June 2018
1 December 2017	-	2,725	-	2,725
Total	-	2,725	-	2,725

Fair Value of Share Options Granted - Employee Share Option Plan

The fair values at grant dates have been determined via pricing models and take into account the following inputs:

	2018
Grant Date	01/12/2017
Fair value of right	\$76.200
Share price at grant date	\$223.400
Exercise price	\$290.000
Term	3 years
Expected price volatility	45.25%
Expected dividend yield	0.00%
Risk free interest rate	2.03%
Fair value of share based payments as at 30 June 2018	\$24,952

25. Events After the Reporting Period

During the year ended 30 June 2018, 4,923 additional ordinary shares (\$1,100,000) were issued to new shareholders as part of a capital raise. The closure of the capital raise was completed in October 2018.

Further, on 21st July 2018, MoneyMe Financial Group Pty Ltd relocated their offices to Level 3, 131 Macquarie Street, Sydney, NSW 2000.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

26. Approval of Financial Statements

The financial statements were approved by the board of directors and authorised for issue on 16 November 2018. The directors have the power to amend and reissue the financial statements.