QuickFee.

Annual Report 2019

Professional services payment solutions

Contents

A YEAR WHERE THE FOUNDATIONS FOR EXECUTION AGAINST THE STRATEGIC PLAN WERE LAID.

The team delivered growth in both the Australian and US markets and prepared the company for its July 2019 IPO.

The directors and management remain focussed on working to achieve our growth aspirations.

Financial highlights

↑15%

Australia reached a record of $42 million of lending, up 15% on prior year

↑70%

US hit a record high of US$8 million of lending, up 70% on prior year

Recorded

sustained growth in lending to legal firms, which now represents 24% of the total Australian loan book

Delivered

our highest pre-tax profit of $851k in Australia

Strong growth

in the number of firms using the QuickFee platform
109 new firms in Australia,
117 new firms in the US

Successfully

listed on the ASX on 10 July 2019, raising $13.5 million in a significantly oversubscribed IPO

Letter from the CEO

Bruce Coombes, CEO

Dear Fellow Shareholders,

The 2019 financial year has been a monumental year for QuickFee Limited ('QuickFee', 'group' or 'company'). Listing on the ASX post-year end was a significant transition for the group, but the achievements of FY 2019 should first be acknowledged. It was a period of continued growth and several key successes, which included:

- Sustained growth in the Australian lending book, up 15% on the prior period, to end the year with a record $42 million being lent to clients of professional firms;
- Recorded our best year in lending in the US, up 70% on the prior year, to end the year at a record US$8 million of lending;
- Recorded our highest pre-tax profit of $851,086 from QuickFee AU;
- Continued growth in the number of firms using the QuickFee platform, up 109 firms in Australia and up 117 firms in the US;
- Continued traction with legal firms in the Australian market, which now represents 24% of the total Australian loan book, and
- Successfully raised $13.5 million through the IPO on 9 July 2019, which was significantly oversubscribed.

We have moved swiftly to strengthen our US team with a number of new additions. One of the key appointments made in May 2019 was Richard Formoe as Chief Revenue Officer. Richard has an outstanding track record in building sales teams in fintech companies across the US and in the short amount of time Richard has had with QuickFee, he has already made a strong contribution to our US business.

We are very excited about executing our business model and meeting the needs of the market that we are addressing. I am pleased to share with you the key findings from this year's 2019 Borrower Survey, which was sent to more than 4,000 clients of accounting and law firms to provide feedback on their experience with taking a loan from QuickFee. These findings included:

- Over 90% of users surveyed said that the availability of payment plans was important;
- 94% were likely to use a QuickFee payment plan option next time they receive an invoice from their accountant or lawyer, and
- 92% found the application process very easy.

"WE ARE VERY EXCITED ABOUT EXECUTING OUR BUSINESS MODEL AND MEETING THE NEEDS OF THE MARKET THAT WE ARE ADDRESSING."

Letter from the CEO

Continued

These findings give us further validation of the need for our products and the ambitious growth strategy which we are executing.

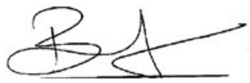
Looking forward, we have a strong focus on executing against the growth strategy outlined in our prospectus, by investing in our sales capabilities and marketing activities, and to rapidly grow our loan book. I am confident that we have the right strategy, the right leadership and the means to build a great team. Certainly, the right market opportunities exist to build a long term sustainable and profitable QuickFee.

I would like to take this opportunity to welcome our Chairman, Mr Barry Lewin, to the QuickFee board. Barry is working alongside my long-term fellow director Mr Dale Smorgon to ensure our corporate governance reflects best practice and that we execute well against our stated strategy. We look forward to his valued contribution and stewardship.

I would also like to thank our team for all of their hard work during a very busy year. Achieving record results during the year in which we completed our successful IPO is testament to the quality of our people. We have built a solid foundation on the back of our proven business model and are now well placed to execute on our growth plans in Australia and build on our footprint and first mover advantage in the very large addressable US market.

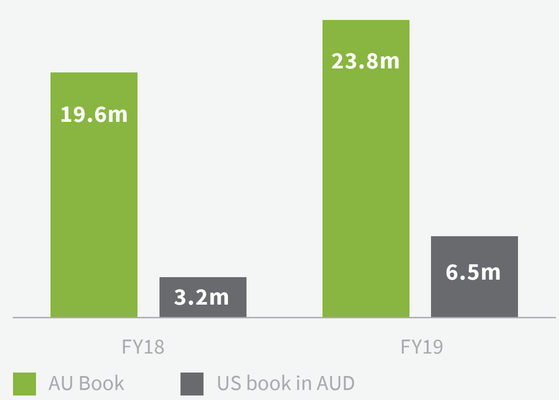
Sincere thanks must also go to our new shareholders for your support. QuickFee could not take advantage of the significant market opportunity we have without your support.

Yours sincerely,

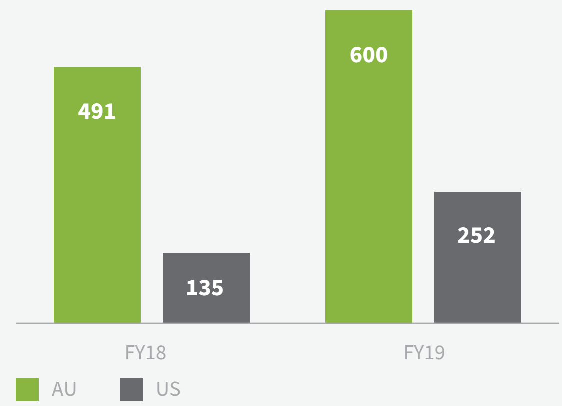


Mr Bruce Coombes
Chief Executive Officer

LENDING BOOK
FY18 vs FY19



NUMBER OF FIRMS SIGNED
FY18 vs FY19



Review of operations and activities

30 June 2019

The group has reported a loss for the period of $1,154,932 (2018: $278,973). However, this annual report covers the period from 1 July 2018 to 30 June 2019; the comparative period is from 15 February 2018 to 30 June 2018 and is therefore not directly comparable with current period results. Adjusting for the timing differences, the increased loss is largely due to the significant upscaling of operations by QuickFee US and the listing costs incurred ahead of the initial public offering (IPO) to the Australian Securities Exchange (ASX) on 9 July 2019.

Net assets amounted to $474,272 as at 30 June 2019 (2018: $2,304,895), including cash reserves of $2,781,387 (2018: $4,155,653).

The 2019 financial year has been a monumental year for QuickFee Limited. Listing on the ASX within two weeks of balance date was a significant transition for the group and involved very significant effort from the team.

Notwithstanding that increased workload, the QuickFee Limited team produced record results across many metrics:

- **Australian lending grew to a record $42 million, up 15% on the prior year;**
- **The US business recorded its best year of lending up 70% on the prior year, to end the year at US$8 million of lending;**
- **Achieved our highest pre-tax profit of $851,086 by QuickFee Australia Pty Ltd; and**
- **Continued growth in the number of firms using the QuickFee platform, up 226 firms globally.**

We continued to market to and sign up law firms in Australia. Lending to clients of law firms now represents 24% of the total Australian loan book and includes increased lending with our family law product. Accounting firms continue to join the group in both Australia and the United States and our payment portal in the US has seen significant increases in transaction volumes.

The QuickFee US business is the primary growth engine for QuickFee Limited and the appointment of an experienced Chief Revenue Officer during the financial year was a key appointment which will position the US business for growth.

Directors' report

Your directors present their report on the consolidated entity consisting of QuickFee Limited and the entities it controlled at the end of, or during, the year ended 30 June 2019. Throughout the report, the consolidated entity is referred to as the group.

This directors' report is the first for the group and covers the period from 1 July 2018 to 30 June 2019. The comparative period is from 15 February 2018 to 30 June 2018.

Directors and company secretary

The following persons held office as directors of QuickFee Limited during the whole of the financial period and up to the date of this report, except where otherwise stated:

Mr Barry Lewin, Non-Executive Chairman
(appointed 1 May 2019)
Mr Bruce Coombes, Managing Director and
Chief Executive Officer
Mr Dale Smorgon, Non-Executive Director
Mr Dean Smorgon, Non-Executive Director
(resigned 15 May 2019)

The following persons held office as company secretary of QuickFee Limited during the whole of the financial period and up to the date of this report, except where otherwise stated:

Mr Bruce Coombes (appointed 4 June 2018,
resigned 8 July 2019)
Mr Phillip Hains (appointed 1 May 2019)
Ms Jennifer James (appointed 12 August 2019)

Principal activities

The group has developed and generates revenue from the QuickFee platform, allowing professional firms to accept monthly payment plans where clients obtain finance online from QuickFee Limited to facilitate invoice payments to the firm in full. The group has established two separate operations: QuickFee AU for the Australian market and QuickFee US for the United States market.

Dividends – QuickFee Limited

No dividends were declared or paid to members for the year ended 30 June 2019. The directors do not recommend that a dividend be paid in respect of the financial period.

As disclosed in note 10(b) of the financial statements, dividends of $680,000 were paid in the period ended 30 June 2019 (2018: $100,000) to the shareholders of QuickFee Australia Pty Ltd. These dividends were paid prior to the 9 July 2019 legal acquisition of QuickFee Australia Pty Ltd by QuickFee Limited on IPO as disclosed in note 11 of the financial statements. Accordingly, these dividends do not represent dividends of QuickFee Limited and should not be interpreted as such.

Review of operations

Information on the operations and financial position of the group and its business strategies and prospects is set out in the review of operations and activities on page 5 of this annual report.

Significant changes in the state of affairs

Other than the information set out in the review of operations and activities on page 5 of this annual report, there are no significant changes in the state of affairs that the group has not disclosed.

Events since the end of the financial year

On 9 July 2019, QuickFee Limited undertook an IPO on the Australian Securities Exchange (ASX) with 67,500,000 ordinary shares issued at $0.20 each, raising $13,500,000 before transaction costs. Many transactions were contractually covenanted to take place upon the IPO, including:

- Completion of the acquisition by QuickFee Limited of QuickFee AU as disclosed in note 11 of the financial statements, resulting in the issue of 24,000,000 ordinary shares in the QuickFee Limited and cash settlement of 3,200,000 as full consideration;
- Completion of the acquisition by QuickFee Limited of QuickFee US as disclosed in note 11 of the financial statements, resulting in the issue of 26,250,000 ordinary shares in QuickFee Limited as consideration along with provision for 9,148,630 deferred consideration shares to be issued following satisfaction of the following milestones:
  - 1/3 to be issued upon QuickFee US having successfully contracted more than 300 firms (by number) within 24 months;
  - 1/3 to be issued upon QuickFee US achieving an aggregate value of currently held loans in excess of US$6,000,000 within 24 months, and
  - 1/3 to be issued upon the aggregate value of loans made by QuickFee US from the commencement of QuickFee US's operations exceeding US$15,000,000 within 24 months.
- Certain convertible loans provided by seed investors converted into shares at an issue price of $0.10 per share resulting in the issuance of 16,000,000 ordinary shares in the QuickFee Limited;
- Certain loans associated with founders and a seed investor converted into shares at an issue price of $0.20 per share resulting in the issuance of 6,000,000 ordinary shares in the QuickFee Limited;

- The grant of 800,000 shares and 3,000,000 broker options to EverBlu Capital Pty Ltd in consideration for the termination of their role as lead manager to the IPO. The broker options expire on 9 July 2022 and comprise three tranches of 1,000,000 options (Class A, B and C) with exercise prices of $0.20, $0.30 and $0.40, respectively;
- The grant of 3,000,000 executive options to Mr Bruce Coombes. These options expire on 9 July 2023 and comprise three tranches of 1,000,000 options (Class A, B and C) with exercise prices of $0.30, $0.40 and $0.50, respectively. Class A, B and C vest and become capable of exercise 12, 24 and 36 months, respectively, from their date of issue contingent on continued employment at each vesting date;
- The grant of 5,851,370 performance rights to employees of QuickFee US, including 2,925,685 to Mr James Drummond. These performance rights vest upon QuickFee US having successfully contracted more than 300 firms (by number) within 24 months following the issue date.

On 10 September 2019, the group announced the achievement of one of the performance milestones for deferred consideration shares. This comprised the aggregate value of loans made by QuickFee US from the commencement of QuickFee US's operations exceeding US$15,000,000 within 24 months of listing. As a result, QuickFee Limited issued 3,049,543 shares to the vendors of QuickFee US.

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

Likely developments and expected results of operations

Other than the information set out in the review of operations and activities on page 5 of this annual report, there are no likely developments or details on the expected results of operations that the group has not disclosed.

Environmental regulation

The group is not affected by any significant environmental regulation in respect of its operations.

Information on directors

The following information is current as at the date of this report.

Mr Barry Lewin

Non-Executive Chairman (MBA, B.Com, LLB)

Experience and expertise

Mr Barry Lewin is the Founder and Managing Director of Melbourne based corporate advisory firm SLM Corporate Pty Limited, and has significant experience advising public and private companies on transaction structuring, debt and equity issues, mergers, acquisitions, business sales and all aspects of corporate governance. Prior to establishing SLM Corporate in 1999, Barry spent 12 years as an in-house counsel to a number of ASX listed companies.

Date of appointment

1 May 2019

Other current directorships (listed)

- Non-Executive Chairman of ELMO Software Limited (ASX:ELO), since 10 October 2018
- Non-Executive Chairman of Praemium Limited (ASX:PPS), since 12 May 2017

Former directorships in last 3 years (listed)

None

Special responsibilities

- Chair of the audit and risk committee
- Member of the remuneration and nomination committee

Interests in securities

Ordinary shares	791,000
Deferred consideration shares	–
Options	–
Performance rights	–

Mr Bruce Coombes

Managing Director and Chief Executive Officer
(B.Bus, Member – AICPA)

Experience and expertise

Mr Bruce Coombes qualified as a Chartered Accountant in 1985 and has spent his entire career within or providing solutions to the accounting profession. Previously a partner in the accounting firm, Macquarie Partners (now part of Deloitte), Bruce introduced outsourcing as a solution for Australian accounting firms. The business he created, Accountants Resourcing, was ultimately acquired by a major financial institution.

Bruce is a founder of both QuickFee AU and QuickFee US.

Date of appointment

4 June 2018

Other current directorships (listed)

None

Former directorships in last 3 years (listed)

None

Special responsibilities

- Chief Executive Officer
- Member of the audit and risk committee
- Member of the remuneration and nomination committee

Interests in securities

Ordinary shares	21,399,818
Deferred consideration shares	2,439,635
Options	3,000,000
Performance rights	–

Mr Dale Smorgon

Non-Executive Director (B.Com)

Experience and expertise

Mr Dale Smorgon has held senior executive positions in a range of companies over the past 20 years, including more than 10 years with Inmatrix, acquired in 2010 by SunGard Data Systems (now FIS). Inmatrix delivered credit risk analytics and software solutions to major financial institutions and professional firms in Australia and the United States. Dale has been a director of QuickFee AU since 1 June 2012 and provides his experience and important strategic direction to the business.

Dale is currently the Chief Executive Officer of Innovative Retail Pty Ltd, which delivers premium family entertainment experiences within shopping malls.

Date of appointment

15 February 2018

Other current directorships (listed)

None

Former directorships in last 3 years (listed)

None

Special responsibilities

- Member of the audit and risk committee
- Chair of the remuneration and nomination committee

Interests in securities

Ordinary shares	21,399,817
Deferred consideration shares	2,439,634
Options	–
Performance rights	–

Company secretary

The joint company secretaries are Mr Phillip Hains and Ms Jennifer James.

Mr Phillip Hains was appointed to the position on 1 May 2019. Mr Hains is a Chartered Accountant operating a specialist public practice, 'The CFO Solution'. The CFO Solution focuses on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Mr Hains has served the needs of a number of company boards and their related committees. He has over 30 years' experience in providing businesses with accounting, administration, compliance and general management services. He holds a Master of Business Administration from RMIT University and a Public Practice Certificate from the Chartered Accountants Australia and New Zealand.

Ms Jennifer James was appointed to the position on 12 August 2019. Ms James has worked in the accounting profession since 2004 and joined QuickFee AU at its inception. She was instrumental in the introduction of the group's loan management system and the development of its payment portal. As a reflection of her extensive knowledge of the group, in particular corporate matters, Ms James was appointed as a joint company secretary.

Meetings of directors

The numbers of meetings of QuickFee Limited's board of directors and of each board committee held during the year ended 30 June 2019, and the numbers of meetings attended by each director were:

	FULL MEETINGS OF DIRECTORS		MEETINGS OF COMMITTEES			
			AUDIT		**REMUNERATION**	
	A	**B**	**A**	**B**	**A**	**B**
Mr Barry Lewin	–	–	–	–	–	–
Mr Bruce Coombes	–	–	–	–	–	–
Mr Dale Smorgon	–	–	–	–	–	–
Mr Dean Smorgon	–	–	–	–	–	–

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year

The directors of QuickFee Limited approved a number of IPO related resolutions but did not meet formally until after the IPO on 9 July 2019. As disclosed in note 11 of the financial statements, this was when the legal acquisition by QuickFee Limited of QuickFee AU and QuickFee US occurred.

Directors' report

Continued

Remuneration report (audited)

The remuneration report details the key management personnel (KMP) remuneration arrangements for QuickFee Limited, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

The remuneration report is set out under the following main headings:

(a) Remuneration governance

(b) Key management personnel

(c) Human resource strategy and remuneration policy

(d) Remuneration payments and link between performance and reward

(e) Remuneration of key management personnel

(f) Key terms of employment contracts

(g) Additional statutory information

(a) Remuneration governance

The remuneration and nomination committee is responsible for reviewing the remuneration arrangements for the group's directors and executives and making recommendations to the board. The remuneration and nomination committee has two key functions:

- The purpose of the remuneration function is to provide advice, recommendations and assistance to the board in relation to the group's remuneration policies and remuneration packages of senior executives, executive directors and non-executive directors.
- The purpose of the nomination function is to review and make recommendations to the board with respect to identifying nominees for directorships and key executive appointments; considering the composition of the board, ensuring that effective induction and education procedures exist for new board appointees, key executives and senior management; ensuring that appropriate procedures exist to assess and review the performance of the chairman, non-executive directors and senior executives. The responsibility for the group's remuneration policy rests with the full board notwithstanding the establishment of the committee.

Further information regarding the committee's responsibilities is set out in the remuneration and nomination committee charter which can be viewed at www.quickfee.com/site/wp-content/uploads/Corporate-Governance-Plan-QuickFee-Limited.pdf.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including all directors (non-executive and executive) of the group.

(b) Key management personnel

The directors and other key management personnel of the group during or since the end of the financial year were:

Non-executive directors	**Position**
Mr Barry Lewin (appointed 1 May 2019)	Chair of the board Chair of the audit and risk committee Member of the remuneration and nomination committee
Mr Dale Smorgon	Member of the audit and risk committee Chair of the remuneration and nomination committee
Executive directors	**Position**
Mr Bruce Coombes	Chief Executive Officer Member of audit and risk committee Member of remuneration and nomination committee
Other key management personnel	**Position**
Mr James Drummond	Chief Operating Officer (COO) Chief Financial Officer (CFO)

(c) Human resource strategy and remuneration policy

The framework encourages executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to be based on market best practice for the delivery of reward. The board of directors ('the board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage and alignment of executive compensation
- transparency

Assessing performance

The remuneration and nomination committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the committee receives data from independently run surveys, but not external remuneration consultants.

Performance is monitored on an informal basis throughout the year and a formal evaluation is performed annually.

(d) Remuneration payments and link between performance and reward

QuickFee Limited's remuneration strategy is designed to assist the group achieve its corporate objectives through appropriate fixed and performance-based remuneration as detailed below:

Executive remuneration

The group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework for the year ended 30 June 2019 (or implemented on IPO) included:

- cash salary
- superannuation
- short-term incentives
- long-term incentives (implemented on IPO as performance rights and share options)

The combination of these comprises the executive's total remuneration as detailed under 'key terms of employment contracts' below.

Fixed remuneration, consisting of base salary, fees and superannuation is reviewed annually by the remuneration and nomination committee based on individual and business performance, the overall performance of the group and comparable market remunerations.

Short-term incentives (STI Plan)

QuickFee Limited has established a short-term incentive plan under which employees may be provided with a cash bonus for achievement against key performance metrics.

Participation in the STI Plan is determined at the discretion of the board. Key performance metrics will generally relate to conditions that are within the control of the employee; for example, profit or sales targets, strategic measures or other such conditions as the group may decide as relevant to the specific executive role. The quantum of any reward is determined by the board.

Amounts to be paid to employees under the STI Plan will typically be paid after the release of full financial year audited results, and in accordance with the annual review process.

Long-term incentives (LTI Plan)

QuickFee Limited has established a 'Performance Rights and Options Plan', adopted on IPO on 9 July 2019.

Performance Rights and Options Plan (PROP Plan or Plan)

Equity incentives under the PROP Plan may be granted to employees (or such other person that the board determines is eligible to participate). Offers will be made at the discretion of the board. The terms of the incentives granted under this Plan will be determined by the board at grant and may therefore vary over time. QuickFee Limited will regularly assess the appropriateness of its incentive plans and may amend or replace, suspend or cease using the Plan if considered appropriate by the board.

The Plan is intended to align the interests of the senior executives with shareholders. Awards under the Plan can be structured as an option to receive shares at a future date subject to the recipient paying the exercise price (Plan Option) or a performance right to acquire a share, subject to satisfaction of any vesting conditions (Plan Performance Rights).

Grants under the Plan are made annually and are made to the senior executive team and such other executives as the board may determine from time to time. Any grants are made subject to the ASX Listing Rules, to the extent applicable.

The group's CEO is entitled to 3,000,000 executive options granted on 9 July 2019. These options expire on 9 July 2023 and comprise three tranches of 1,000,000 options (Class A, B and C) with exercise prices of $0.30, $0.40 and $0.50, respectively. Class A, B and C vest and become capable of exercise 12, 24 and 36 months, respectively, from their date of issue contingent on continued employment at each vesting date.

The group's COO/CFO is entitled to 2,925,685 performance rights granted on 9 July 2019. These performance rights vest upon QuickFee US having successfully contracted more than 300 firms (by number) within 24 months following the issue date.

(d) Remuneration payments and link between performance and reward (continued)

The table below details the fixed, short- and long-term incentives in relation to executive remuneration and the link to the group's performance.

Element	Performance measures	Strategic objective/performance link
Fixed remuneration	The position description of each executive includes a set of individual performance measures which are reviewed and evaluated each financial year. Remuneration is set competitively in order to: • **Recruit**: attract the best talent to QuickFee Limited to ensure sustainable growth • **Retain**: ensure talent is not lured away by competitors	Each executives' individual performance measures are specifically designed to ensure alignment with the group's strategic plans for the year. Fixed remuneration is based on: • Role and responsibility • Capability and competencies • Comparable market remunerations
Performance-based remuneration (STIs and LTIs)	QuickFee Limited's performance pay consists of short- and long-term incentives which are designed to: • Motivate: to achieve financial and non-financial corporate objectives • Reward: create performance culture that recognises and rewards outstanding performance • Retain: through the PROP Plan and the subsequent tenure required for options and performance rights to vest	
Short-term incentive plan (STI), being cash award	The personal key performance metrics of each executive relate to conditions that are within the control of the employee which include but are not limited to revenue and expense targets, strategic initiatives and such other conditions as the group requires. **STIs are cash-based payments** Quantum of STI = % of performance relative to an individual's key performance metrics	Ensures each executive is held accountable for the outcomes that are under their control. These outcomes are designed to support the overall group objectives. STIs are designed to motivate individuals, create a high-performance culture and increase employee engagement.
Long-term incentive plan (LTI), being share options and performance rights	Participants must be employed on vesting date for the options or performance rights to vest. Performance will be tested at the end of each vesting period (years 1, 2, and 3) based on share price performance.	Ensures a direct link between the LTI and the creation of shareholder value.

QuickFee Limited is committed to continue evolving the key performance indicators for executives ensuring meaningful stretch targets on which to be assessed.

Non-executive directors' remuneration

Each of the non-executive directors has entered into appointment letters with QuickFee Limited, confirming the terms of their appointment and their roles and responsibilities.

Under the Constitution, the board decides the total amount paid to each of the non-executive directors as remuneration for their services as a director. However, under the ASX Listing Rules, the total amount of fees paid to all directors for their services (excluding, for these purposes, the salary of any executive director) must not exceed in aggregate in any financial year the amount fixed by the company in general meeting.

The maximum annual aggregate directors' fee pool limit is $400,000 (inclusive of superannuation), adopted on IPO of QuickFee Limited on 9 July 2019. Any change to that aggregated annual sum needs to be approved by shareholders. The aggregate sum does not include any special and additional remuneration for special exertions and additional services performed by a director as determined appropriate by the board.

Chair and independent non-executive director, Mr Barry Lewin's annual director fee is $100,000 (inclusive of superannuation), effective from his appointment to the position on 1 May 2019. This fee also covers his role as chair of the audit and risk committee and as member of the remuneration and nomination committee. Mr Dale Smorgon receives an annual fee of $65,000 per annum (inclusive of superannuation) for his role as a non-executive director, chair of the remuneration and nomination committee and a member of the audit and risk committee.

Directors may also be reimbursed for expenses properly incurred by them in connection with the affairs of the group, including travel and other expenses in attending to the group's affairs. The directors' fees do not include a commission on, or a percentage of, profits or income.

If a director renders or is called on to perform extra services or to make any special exertions in connection with the affairs of the group, the board may arrange for special remuneration to be paid to that director, either in addition to or in substitution for that director's remuneration set out above.

Non-executive directors do not receive performance-related compensation, and there are no contractual redundancy or retirement benefit schemes for non-executive directors, other than statutory superannuation contributions.

Statutory performance indicators

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the group's financial performance since inception (as the business has been established less than five years as required by the *Corporations Act 2001*). However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2019	2018	2017	2016	2015
Loss for the period attributable to owners ($)	1,154,932	278,973	–	–	–
Basic loss per share (cents)	0.43	0.10	–	–	–

The group's earnings have remained negative since inception due to the nature of the business. No dividends have ever been declared by QuickFee Limited. The group continues to focus on revenue growth with the objective of achieving key commercial milestones in order to add shareholder value.

Directors’ report

Continued

(e) Remuneration of key management personnel

The table below details remuneration of key management personnel based on the policies previously discussed for the year ended 30 June 2019.

1 JULY 2018 TO 30 JUNE 2019	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	
	CASH SALARY AND FEES $	CASH BONUS $	NON-MONETARY BENEFITS $	OTHER[1] $	SUPER-ANNUATION $	LONG SERVICE LEAVE $	TOTAL $
Non-executive directors							
Mr Barry Lewin	16,666	–	–	–	–	–	16,666
Mr Dale Smorgon	22,248	–	–	–	1,084	–	23,332
Mr Dean Smorgon	–	–	–	–	–	–	–
Executive directors							
Mr Bruce Coombes	245,833	–	–	123,282	25,000	51,629	445,744
Other KMP							
Mr James Drummond	204,508	–	7,530	–	–	–	212,038
Total KMP compensation	**489,255**	**–**	**7,530**	**123,282**	**26,084**	**51,629**	**697,780**

Notes

1. $123,282 comprises $91,667 in consulting fees and $31,615 movement in annual leave obligation. During the year ended 30 June 2019, the group engaged Carrot Consulting Pty Limited, an entity controlled by Mr Bruce Coombes, to provide consulting services in connection with the IPO of QuickFee Limited. These services were based on normal commercial terms and conditions and were at market rates.

The following table shows details of remuneration expenses of each director or other key management personnel recognised for the period from 15 February 2018 to 30 June 2018.

15 FEBRUARY TO 30 JUNE 2018	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	
	CASH SALARY AND FEES $	CASH BONUS $	NON-MONETARY BENEFITS $	OTHER[1] $	SUPER-ANNUATION $	LONG SERVICE LEAVE $	TOTAL $
Non-executive directors							
Mr Dale Smorgon	5,137	–	–	–	488	–	5,625
Mr Dean Smorgon	–	–	–	–	–	–	–
Executive directors							
Mr Bruce Coombes	90,264	–	–	100,000	11,294	–	201,558
Other KMP							
Mr James Drummond	29,384	–	2,645	–	–	–	32,029
Total KMP compensation	**124,785**	**–**	**2,645**	**100,000**	**11,782**	**–**	**239,212**

Notes

1. $100,000 comprises consulting fees. During the period ended 30 June 2018, the group engaged Carrot Consulting Pty Limited, an entity controlled by Mr Bruce Coombes, to provide consulting services in connection with the IPO of QuickFee Limited. These services were based on normal commercial terms and conditions and were at market rates.

(f) Key terms of employment contracts

Name: Mr Bruce Coombes

Title: Managing Director and Chief Executive Officer

Details: Base salary for the year ended 30 June 2019 of $350,000, plus statutory superannuation, to be reviewed annually by the remuneration and nomination committee with a 3-month termination notice by either party. Contract duration is unspecified.

Name: Mr James Drummond

Title: Chief Operating Officer and Chief Financial Officer

Details: Base salary for the year ended 30 June 2019 of US$150,000, effective 20 May 2019, to be reviewed annually by the remuneration and nomination committee with immediate termination by either party. Contract duration is unspecified.

(g) Additional statutory information

Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense on page 14 above:

NAME	FIXED REMUNERATION		AT RISK – STI		AT RISK – LTI	
	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Non-executive director						
Mr Barry Lewin	100	–	–	–	–	–
Mr Dale Smorgon	100	100	–	–	–	–
Executive directors						
Mr Bruce Coombes	100	100	–	–	–	–
Other KMP						
Mr James Drummond	88	100	12	–	–	–

Reconciliation of options and ordinary shares held by KMP

Option holdings

2019	BALANCE AT START OF THE PERIOD	GRANTED AS REMUNERATION	EXERCISED	OTHER CHANGES	BALANCE AT END OF THE PERIOD[1]	VESTED AND EXERCISABLE
Options						
Mr Barry Lewin	–	–	–	–	–	–
Mr Bruce Coombes	–	–	–	–	–	–
Mr Dale Smorgon	–	–	–	–	–	–
Mr James Drummond	–	–	–	–	–	–

Notes

1. Balance incorporates option holdings in the parent entity, QuickFee Limited, as at 30 June 2019. It does not incorporate holdings granted upon the IPO on 9 July 2019 as disclosed in notes 11 and 15 of the financial statements. Please refer to the ‘information on directors’ section on pages 7 to 8 of this directors’ report for directors’ holdings as at 26 September 2019.

Share holdings

2019	BALANCE AT THE START OF THE PERIOD	GRANTED AS REMUNERATION	RECEIVED ON EXERCISE OF OPTIONS	OTHER CHANGES	BALANCE AT END OF THE PERIOD[1]
Options					
Mr Barry Lewin	–	–	–	–	–
Mr Bruce Coombes	1	–	–	–	1
Mr Dale Smorgon	–	–	–	–	–
Mr James Drummond	–	–	–	–	–

Notes

1. Balance incorporates share holdings in the parent entity, QuickFee Limited, as at 30 June 2019. It does not incorporate holdings in QuickFee AU and QuickFee US prior to the legal acquisition of these controlled entities by QuickFee Limited on 9 July 2019 as disclosed in notes 11 and 15 of the financial statements. Please refer to the 'information on directors' section on pages 7 to 8 of this directors' report for directors' holdings as at 26 September 2019.

Loans provided to the group by key management personnel

NAME	BALANCE AT THE START OF THE YEAR $	INTEREST PAID AND PAYABLE FOR THE YEAR $	BALANCE AT THE END OF THE YEAR $	HIGHEST BALANCE DURING THE YEAR $
Bonec Pty Limited	–	8,903	150,000	150,000
Carrot Consulting Pty Limited	700,000	43,000	400,000	700,000
Derida Pty Limited	300,000	23,785	800,000	800,000
Jamada Holdings Pty Limited	–	16,272	250,000	250,000

Bonec Pty Limited

An unsecured loan with Bonec Pty Limited, an entity controlled by Mr Bruce Coombes, was entered into on 26 November 2018. Interest is charged monthly at 10% per annum and the loan converted to ordinary share capital on IPO of QuickFee Limited as disclosed in note 15 of the financial statements.

Carrot Consulting Pty Limited

An unsecured loan with Carrot Consulting Pty Limited, an entity controlled by Mr Bruce Coombes, was entered into on 1 June 2018 with repayment expected on 31 December 2019. Interest is charged monthly at 12% per annum and the loan has a limit of $500,000. The interest rate reduced to 8% from 1 July 2019.

(g) Additional statutory information (continued)

Derida Pty Limited

An unsecured loan with Derida Pty Limited, an entity in which Mr Dale Smorgon is a 25% shareholder and director, was entered into on 1 June 2018 with repayment expected on 31 December 2019. Interest is charged monthly at 12% per annum and the loan has a limit of $500,000. The interest rate reduced to 8% from 1 July 2019.

A separate unsecured loan with Derida Pty Limited was entered into on 26 November 2018. Interest is charged monthly at 10% per annum and the loan converted to ordinary share capital on IPO of QuickFee Limited as disclosed in note 15 of the financial statements.

Jamada Holdings Pty Limited

An unsecured loan with Jamada Holdings Pty Limited, an entity controlled by Mr Bruce Coombes, was entered into on 26 November 2018. Interest is charged monthly at 10% per annum and the loan converted to ordinary share capital on IPO of QuickFee Limited as disclosed in note 15 of the financial statements.

Other transactions with key management personnel

Mr Barry Lewin is the Managing Director and major shareholder of SLM Corporate Pty Limited (SLM). Prior to Mr Barry Lewin's appointment as Non-Executive Chairman of QuickFee Limited on 1 May 2019, the group entered into a mandate letter on 24 August 2018, pursuant to which SLM agreed to provide prospectus due diligence services, advice, guidance and oversight. Over the eight-month term of the mandate, SLM was paid an aggregate $160,000. A further $5,000 was paid to SLM for valuation services rendered. These services were based on normal commercial terms and conditions and were at market rates.

Aggregate amounts of other transactions with key management personnel of QuickFee Limited:

	30 JUNE 2019 $	FROM 15 FEBRUARY TO 30 JUNE 2018 $
Amounts recognised as expense		
Consulting services rendered by SLM Corporate Pty Limited	165,000	–

THIS CONCLUDES THE REMUNERATION REPORT, WHICH HAS BEEN AUDITED.

Shares under option, performance rights and deferred shares

(a) Unissued ordinary shares

Unissued ordinary shares of QuickFee Limited under option at the date of this report are as follows:

DATE GRANTED	EXPIRY DATE	EXERCISE PRICE ($)	NUMBER UNISSUED
2019-07-09 (deferred consideration shares)	2021-07-09	nil	9,148,630
2019-07-09 (performance rights)	2021-07-09	nil	5,851,370
2019-07-09 (Class A broker options)	2022-07-09	0.20	1,000,000
2019-07-09 (Class B broker options)	2022-07-09	0.30	1,000,000
2019-07-09 (Class C broker options)	2022-07-09	0.40	1,000,000
2019-07-09 (Class A executive options)	2023-07-09	0.30	1,000,000
2019-07-09 (Class B executive options)	2023-07-09	0.40	1,000,000
2019-07-09 (Class C executive options)	2023-07-09	0.50	1,000,000
Total			**21,000,000**

No holder has any right under the options/performance rights/deferred shares to participate in any other share issue of QuickFee Limited or any other entity.

(b) Shares issued on the exercise of options

No ordinary shares of QuickFee Limited were issued during the year ended 30 June 2019 on the exercise of options granted.

Insurance of officers and indemnities

(a) Insurance of officers

During the financial year, QuickFee Limited has not otherwise paid a premium in respect of a contract to insure the directors and officers of QuickFee Limited against a liability to the extent permitted by the *Corporations Act 2001*.

(b) Indemnity of auditors

QuickFee Limited has agreed to indemnify their auditors, William Buck Audit (Vic) Pty Ltd, to the extent permitted by law, against any claim by a third party arising from QuickFee Limited's breach of their agreement. The indemnity stipulates that QuickFee Limited will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of QuickFee Limited

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

No proceedings have been brought or intervened in on behalf of QuickFee Limited with leave of the Court under section 237 of the *Corporations Act 2001*.

Directors’ report

Continued

Non-audit services

QuickFee Limited may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor’s expertise and experience with the group are important.

Details of the amounts paid or payable to the auditor (William Buck Audit (Vic) Pty Ltd) for audit and non-audit services provided during the period are set out below.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the period the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2019 $	2018 $
William Buck Audit (Vic) Pty Ltd Australian firm:		
Investigating accountant's report	9,000	–
Total remuneration for other assurance services	**9,000**	**–**
Total remuneration for non-audit services	**9,000**	**–**

Auditor’s independence declaration

A copy of the auditor’s independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 21.

Rounding of amounts

The group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the ‘rounding off’ of amounts in the directors’ report. Amounts in the directors’ report have been rounded off in accordance with the instrument to the nearest dollar.

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

Mr Barry Lewin
Non-Executive Chairman

Sydney
26 September 2019

Auditor’s independence declaration

William Buck

AUDITOR’S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF QUICKFEE LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2019 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director

Dated this 26th day of September 2019

ACCOUNTANTS & ADVISORS
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williambuck.com

Corporate governance statement

QuickFee Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. QuickFee Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2019 corporate governance statement is dated as at 30 June 2019 and reflects the corporate governance practices in place throughout the 2019 financial period. The 2019 corporate governance statement was approved by the board on 4 July 2019. A description of the group's current corporate governance practices is set out in the group's corporate governance statement which can be viewed at www.asx.com.au/asxpdf/20190710/pdf/446j2l2lv47zvh.pdf.

Financial statements

Contents

These financial statements are consolidated financial statements for the group consisting of QuickFee Limited and its controlled entities. A list of major controlled entities is included in note 12.

The financial statements are presented in the Australian currency.

QuickFee Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office is:

Level 3, 62 Lygon Street
Carlton VIC 3053

Its principal place of business is:

QuickFee Limited
Suite 4.05, 10 Century Circuit
Baulkham Hills NSW 2153

The financial statements were authorised for issue by the directors on 26 September 2019. The directors have the power to amend and reissue the financial statements.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2019

	NOTES	30 JUNE 2019 $	FROM 15 FEBRUARY TO 30 JUNE 2018 $
Revenue from contracts with customers	2	5,803,170	1,493,319
Cost of sales	3(b)	(1,703,819)	(562,031)
Gross profit		**4,099,351**	**931,288**
Other income		2,302	–
Other gains/(losses) – net	3(a)	77,089	2,957
General and administrative expenses	3(b)	(2,771,845)	(802,108)
Selling and marketing expenses	3(b)	(1,802,100)	(367,902)
Operating loss		**(395,203)**	**(235,765)**
Listing costs		(525,311)	–
Loss before income tax		**(920,514)**	**(235,765)**
Income tax expense	4	(234,418)	(43,208)
Loss for the period		**(1,154,932)**	**(278,973)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		1,712	42,213
Total comprehensive loss for the period		**(1,153,220)**	**(236,760)**

		CENTS	CENTS
Loss per share for loss attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share	18	(0.43)	(0.10)
Pro forma loss per share (based on ordinary shares post-IPO)	18	(0.01)	–

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

Consolidated balance sheet

As at 30 June 2019

	NOTES	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	5(a)	2,781,387	4,155,653
Loan receivables	5(b)	29,457,833	22,353,816
Other receivables		60,722	3,791
Other current assets		240,152	111,398
Total current assets		**32,540,094**	**26,624,658**
Non-current assets			
Loan receivables	5(b)	599,229	271,318
Property, plant and equipment		23,790	8,439
Deferred tax assets		39,516	–
Other non-current assets		125,199	114,177
Total non-current assets		**787,734**	**393,934**
Total assets		**33,327,828**	**27,018,592**
LIABILITIES			
Current liabilities			
Loan settlements outstanding	5(b)	4,315,530	3,056,739
Trade and other payables	5(c)	605,033	186,530
Contract liabilities	2(b)	150,773	81,478
Borrowings	5(d)	27,036,877	18,957,670
Current tax liabilities		157,046	86,247
Employee benefit obligations		78,417	–
Total current liabilities		**32,343,676**	**22,368,664**
Non-current liabilities			
Borrowings	5(d)	434,222	2,339,428
Deferred tax liabilities		–	5,605
Employee benefit obligations		75,658	–
Total non-current liabilities		**509,880**	**2,345,033**
Total liabilities		**32,853,556**	**24,713,697**
Net assets		**474,272**	**2,304,895**
EQUITY			
Contributed equity	6(a)	2,644,252	2,641,655
Other reserves	6(b)	43,925	42,213
Accumulated losses		(2,213,905)	(378,973)
Total equity		**474,272**	**2,304,895**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2019

		ATTRIBUTABLE TO OWNERS OF QUICKFEE LIMITED			
	NOTES	CONTRIBUTED EQUITY $	OTHER RESERVES $	ACCUMULATED LOSSES $	TOTAL EQUITY $
Balance at 15 February 2018		1	–	–	1
Loss for the period		–	–	(278,973)	(278,973)
Other comprehensive income		–	42,213	–	42,213
Total comprehensive income/(loss) for the period		**–**	**42,213**	**(278,973)**	**(236,760)**
Transactions with owners in their capacity as owners:					
Common control transaction	6(a), 11	2,641,654	–	–	2,641,654
Dividends paid to controlled entity's shareholders	10(b)	–	–	(100,000)	(100,000)
		2,641,654	–	(100,000)	2,541,654
Balance at 30 June 2018		**2,641,655**	**42,213**	**(378,973)**	**2,304,895**

		ATTRIBUTABLE TO OWNERS OF QUICKFEE LIMITED			
	NOTES	CONTRIBUTED EQUITY $	OTHER RESERVES $	ACCUMULATED LOSSES $	TOTAL EQUITY $
Balance at 1 July 2018		2,641,655	42,213	(378,973)	2,304,895
Loss for the period		–	–	(1,154,932)	(1,154,932)
Other comprehensive income		–	1,712	–	1,712
Total comprehensive income/(loss) for the period		**–**	**1,712**	**(1,154,932)**	**(1,153,220)**
Transactions with owners in their capacity as owners:					
Contributions of equity	6(a)	120,000	–	–	120,000
Transaction costs arising on future share issues	6(a)	(117,403)	–	–	(117,403)
Dividends paid to controlled entity's shareholders	10(b)	–	–	(680,000)	(680,000)
		2,597	–	(680,000)	(677,403)
Balance at 30 June 2019		**2,644,252**	**43,925**	**(2,213,905)**	**474,272**

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

Consolidated statement of cash flows

For the year ended 30 June 2019

	NOTES	30 JUNE 2019 $	FROM 15 FEBRUARY TO 30 JUNE 2018 $
Cash flows from operating activities			
Interest, fees and charges from customers (inclusive of GST)		6,181,472	1,633,878
Payments to suppliers and employees (inclusive of GST)		(4,932,373)	(1,083,796)
Loan principal advanced to customers, net of repayments		(6,305,847)	(2,657,882)
Finance costs paid		(1,538,904)	(471,649)
Income taxes paid		(208,739)	(42,043)
Net cash (outflow) from operating activities	7(a)	**(6,804,391)**	**(2,621,492)**
Cash flows from investing activities			
Payments for property, plant and equipment		(19,122)	(11,896)
Proceeds from common control transaction (cash acquired)	11	–	1,850,695
Interest received from financial institutions		1,633	–
Net cash (outflow) inflow from investing activities		**(17,489)**	**1,838,799**
Cash flows from financing activities			
Proceeds from issues of shares	6(a)	120,000	–
Proceeds from borrowings, net of repayments		6,060,965	5,047,055
Dividends paid to controlled entity's shareholders	10(b)	(680,000)	(100,000)
Net cash inflow from financing activities		**5,500,965**	**4,947,055**
Net (decrease) increase in cash and cash equivalents		**(1,320,915)**	**4,164,362**
Cash and cash equivalents at the beginning of the financial period		4,155,653	–
Effects of exchange rate changes on cash and cash equivalents		(53,351)	(8,709)
Cash and cash equivalents at end of period	5(a)	**2,781,387**	**4,155,653**

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

Notes to the financial statements

For the year ended 30 June 2019

Contents

1 Segment information

(a) Description of segments and principal activities

The group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team, consisting of the Chief Executive Officer and the Chief Financial Officer. Management examines the group's performance from a geographic perspective and has identified two reportable segments of its business:

- **Australia**: this part of the business developed the QuickFee platform for Australian firms allowing them to accept monthly payment plans where clients obtain finance online from QuickFee AU to facilitate invoice payments to the firm in full.
- **United States**: following the success of QuickFee AU in the Australian market, management of QuickFee AU incorporated QuickFee US as an entirely separate operation to pursue opportunities in the much larger market in the United States where no direct competitor exists.

(b) Financial breakdown

The segment information for the reportable segments for the year ended 30 June 2019 is as follows:

2019	AUSTRALIA $	UNITED STATES $	UNALLOCATED $	TOTAL $
Revenue from contracts with customers	4,279,418	1,523,752	–	5,803,170
Cost of sales	(1,285,362)	(418,457)	–	(1,703,819)
Gross profit	**2,994,056**	**1,105,295**	**–**	**4,099,351**
Other income	–	669	1,633	2,302
Other gains/(losses) – net	–	–	77,089	77,089
General and administrative expenses	(1,320,341)	(1,000,869)	(450,635)	(2,771,845)
Selling and marketing expenses	(822,629)	(979,471)	–	(1,802,100)
Operating profit/(loss)	**851,086**	**(874,376)**	**(371,913)**	**(395,203)**
Listing costs	–	–	(525,311)	(525,311)
Income tax expense	(234,418)	–	–	(234,418)
Profit/(loss) for the year	**616,668**	**(874,376)**	**(897,224)**	**(1,154,932)**
Assets				
Segment assets	24,538,168	8,778,216	11,444	33,327,828
Total assets	**24,538,168**	**8,778,216**	**11,444**	**33,327,828**
Liabilities				
Segment liabilities	22,718,483	9,782,509	352,564	32,853,556
Total liabilities	**22,718,483**	**9,782,509**	**352,564**	**32,853,556**

Notes to the financial statements

Continued

1 Segment information (continued)

The segment information for the reportable segments for the period ended 30 June 2018 is as follows:

2018	AUSTRALIA $	UNITED STATES $	UNALLOCATED $	TOTAL $
Revenue from contracts with customers	1,238,454	254,865	–	1,493,319
Cost of sales	(473,213)	(88,818)	–	(562,031)
Gross profit	**765,241**	**166,047**	**–**	**931,288**
Other gains/(losses) – net	–	–	2,957	2,957
General and administrative expenses	(398,984)	(259,162)	(143,962)	(802,108)
Selling and marketing expenses	(210,661)	(157,241)	–	(367,902)
Operating profit/(loss)	**155,596**	**(250,356)**	**(141,005)**	**(235,765)**
Income tax expense	(43,208)	–	–	(43,208)
Profit/(loss) for the period	**112,388**	**(250,356)**	**(141,005)**	**(278,973)**
Assets				
Segment assets	20,978,556	5,388,997	651,039	27,018,592
Total assets	**20,978,556**	**5,388,997**	**651,039**	**27,018,592**
Liabilities				
Segment liabilities	19,054,641	5,659,056	–	24,713,697
Total liabilities	**19,054,641**	**5,659,056**	**–**	**24,713,697**

2 Revenue from contract with customers

(a) Disaggregation of revenue from contracts with customers

The group derives revenue from the transfer of services over time and at a point in time in the following major streams:

2019	INTEREST REVENUE $	APPLICATION FEE REVENUE $	MERCHANT FEE REVENUE $	PLATFORM FEE REVENUE $	OTHER REVENUE $	TOTAL $
Timing of revenue recognition						
At a point in time	–	–	122,892	159,502	25,972	308,366
Over time	4,538,754	679,982	–	276,068	–	5,494,804
	4,538,754	**679,982**	**122,892**	**435,570**	**25,972**	**5,803,170**

2018	INTEREST REVENUE $	APPLICATION FEE REVENUE $	MERCHANT FEE REVENUE $	PLATFORM FEE REVENUE $	OTHER REVENUE $	TOTAL $
Timing of revenue recognition						
At a point in time	–	–	27,544	26,268	1,569	55,381
Over time	1,186,750	166,423	–	73,810	10,955	1,437,938
	1,186,750	**166,423**	**27,544**	**100,078**	**12,524**	**1,493,319**

(b) Liabilities related to contracts with customers

	2019 $	2018 $
Contract liabilities – deferred revenue	150,773	81,478
Total current contract liabilities	**150,773**	**81,478**

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior period.

	30 JUNE 2019 $	FROM 15 FEBRUARY TO 30 JUNE 2018 $
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Deferred revenue	81,478	–

(c) Accounting policies

(i) Interest revenue

Revenue from interest on loans advanced is recognised over the life of the loans granted by the group to its customers as the performance obligation is satisfied over the period loans remain outstanding. The group recognises revenue on loan receivables using the effective interest rate method (in accordance with AASB 9 *Financial Instruments*), based on estimated future cash receipts over the expected life of the financial asset. In making their judgement of estimated future cash flows and expected life of the loan receivables balance, management have considered historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement and contract.

(ii) Application fee revenue

Revenue from application fees is recognised over the life of the loans granted by the group to its customers as the performance obligation is satisfied over the period loans remain outstanding.

(iii) Merchant fee revenue

Revenue from merchant fees is recognised at a point in time when the service is performed and there are no unfulfilled service obligations that will restrict the entitlement to receive the consideration.

(iv) Platform fee revenue

Revenue from the QSOP platform is split between joining/set up fees and recurring monthly subscription fees. Joining/set up fee revenue is recognised at a point in time once the single performance obligation of establishing the customer onto the platform is satisfied. Recurring monthly subscription fee revenue is recognised on a straight-line basis over the subscription term.

Notes to the financial statements

Continued

3 Other income and expense items

(a) Other gains/(losses)

	30 JUNE 2019 $	FROM 15 FEBRUARY TO 30 JUNE 2018 $
Net foreign exchange gains/(losses)	77,089	2,957
	77,089	**2,957**

(b) Breakdown of expenses by nature

	30 JUNE 2019 $	FROM 15 FEBRUARY TO 30 JUNE 2018 $
Cost of sales		
Credit checks and insurance	144,520	67,939
Finance costs	1,538,904	471,649
Platform costs	20,395	22,443
	1,703,819	**562,031**
General and administrative expenses		
Accounting and audit	121,511	56,773
Bad debts	38,138	–
Computer costs	195,045	44,156
Consulting	438,887	113,988
Depreciation	3,771	19,457
Employee benefits, excluding superannuation	1,141,971	278,015
Insurance	16,331	2,448
Legal	5,400	27,926
Occupancy	144,098	42,365
Recruitment and staff training	81,681	47,310
Superannuation	42,179	14,622
Travel and entertainment	350,202	111,539
Other	192,631	43,509
	2,771,845	**802,108**
Selling and marketing expenses		
Commissions	36,709	1,416
Employee benefits, excluding superannuation	1,363,183	292,465
Marketing	341,439	57,232
Superannuation	60,769	16,789
	1,802,100	**367,902**

4 Income tax expense

(a) Income tax expense

	30 JUNE 2019 $	FROM 15 FEBRUARY TO 30 JUNE 2018 $
Current tax		
Current tax on profits for the period	279,539	54,502
Total current tax expense	**279,539**	**54,502**
Deferred income tax		
Decrease/(increase) in deferred tax assets	(45,121)	–
(Decrease)/increase in deferred tax liabilities	–	(11,294)
Total deferred tax expense/(benefit)	**(45,121)**	**(11,294)**
Income tax expense	**234,418**	**43,208**

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

	30 JUNE 2019 $	FROM 15 FEBRUARY TO 30 JUNE 2018 $
Loss from continuing operations before income tax expense	(920,514)	(235,765)
Tax at the Australian tax rate of 27.5% (2018: 27.5%)	(253,141)	(64,835)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Accrued expenses	72,852	10,008
Blackhole expenditure (Section 40–880, ITAA 1997)	(28,892)	–
Deferred revenue	45,086	(1,460)
Employee leave obligations	42,371	–
Entertainment	3,714	430
Listing costs	144,461	–
Unrealised currency (gains)/losses	(21,199)	(813)
Other items	121,341	82,973
Subtotal	**126,593**	**26,303**
Difference in overseas tax rates	(18,767)	(9,398)
Tax losses and other timing differences for which no deferred tax asset is recognised	126,592	26,303
Income tax expense	**234,418**	**43,208**

4 Income tax expense (continued)

(c) Tax losses

The group does not recognise as a deferred tax asset carried forward tax losses attributed to QuickFee US and QuickFee Limited in its capacity as parent entity (as opposed to its capacity as a group). Deferred tax assets are recognised for deductible temporary differences only if the entities consider it is probable that future taxable amounts will be available to utilise those temporary differences and losses. As at 30 June 2019, no deferred tax balances have been recognised in relation to these entities.

Unused tax losses available to the group are currently not known and have not been included as the group has not yet calculated a reliable estimate of these losses.

5 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2019 $	2018 $
Current assets		
Cash at bank and in hand	**2,781,387**	**4,155,653**

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial period as follows:

	2019 $	2018 $
Balances as above	2,781,387	4,155,653
Balances per statement of cash flows	**2,781,387**	**4,155,653**

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note 20(h) for the group's other accounting policies on cash and cash equivalents.

(iii) Risk exposure

The group's maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Loan receivables

	2019			2018		
	CURRENT $	NON-CURRENT $	TOTAL $	CURRENT $	NON-CURRENT $	TOTAL $
Loan receivables						
Gross loan receivables	30,996,705	700,655	31,697,360	23,693,305	271,318	23,964,623
Deferred interest revenue	(1,538,872)	(101,426)	(1,640,298)	(1,339,489)	–	(1,339,489)
	29,457,833	**599,229**	**30,057,062**	**22,353,816**	**271,318**	**22,625,134**
Loan payables						
Loan settlements outstanding	(4,315,530)	–	(4,315,530)	(3,056,739)	–	(3,056,739)
	(4,315,530)	**–**	**(4,315,530)**	**(3,056,739)**	**–**	**(3,056,739)**
Net loan receivables	**25,142,303**	**599,229**	**25,741,532**	**19,297,077**	**271,318**	**19,568,395**

(i) Classification as of loan receivables

Gross written loans represent cash to be received at balance date. Deferred interest revenue represents interest accumulated on individual loans which will be recognised as revenue in future periods using the effective interest rate method.

(ii) Recognition and measurement of loan receivables

Gross written loans are non-derivative financial assets, with fixed and determinable payments that are not quoted in an active market. Loan receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. Loan receivables are due for settlement at various times in line with the terms of their contracts.

(iii) Classification as of loan settlements outstanding

Loan settlements outstanding represent loans approved but yet to be settled by the group to professional firms, usually due to the first loan instalment having not been received as cleared funds.

(iv) Recognition and measurement of loan settlements outstanding

Loan settlements outstanding are non-derivative financial liabilities, with fixed and determinable payments that are not quoted in an active market. Loan settlements outstanding are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

(v) Impairment and risk exposure

Information about the impairment of loan receivables and the company's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 9.

(c) Trade and other payables

	2019			2018		
	CURRENT $	NON-CURRENT $	TOTAL $	CURRENT $	NON-CURRENT $	TOTAL $
Trade payables	163,821	–	163,821	35,982	–	35,982
Accrued expenses	364,814	–	364,814	101,536	–	101,536
Other payables	76,398	–	76,398	49,012	–	49,012
	605,033	**–**	**605,033**	**186,530**	**–**	**186,530**

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Notes to the financial statements

Continued

5 Financial assets and financial liabilities (continued)

(d) Borrowings

	2019			2018		
	CURRENT $	NON-CURRENT $	TOTAL $	CURRENT $	NON-CURRENT $	TOTAL $
Secured						
Global Credit Investments (i)	4,277,770	–	4,277,770	–	2,097,145	2,097,145
Lease Collateral (ii)	18,194,860	434,222	18,629,082	15,609,621	242,283	15,851,904
Total secured borrowings	**22,472,630**	**434,222**	**22,906,852**	**15,609,621**	**2,339,428**	**17,949,049**
Unsecured						
Bonec (iii)	150,000	–	150,000	–	–	–
Carrot Consulting (iv)	400,000	–	400,000	700,000	–	700,000
Convertible loans (v)	1,600,000	–	1,600,000	1,480,000	–	1,480,000
Derida (vi)	800,000	–	800,000	300,000	–	300,000
Jamada Holdings (vii)	250,000	–	250,000	–	–	–
Wingate Direct Investments (viii)	400,000	–	400,000	300,000	–	300,000
Other unsecured borrowings (ix)	1,112,962	–	1,112,962	676,498	–	676,498
Total unsecured borrowings	**4,712,962**	**–**	**4,712,962**	**3,456,498**	**–**	**3,456,498**
Capitalised borrowing costs						
Unamortised borrowing costs	(148,715)	–	(148,715)	(108,449)	–	(108,449)
Total capitalised borrowing costs	**(148,715)**	**–**	**(148,715)**	**(108,449)**	**–**	**(108,449)**
Total borrowings	**27,036,877**	**434,222**	**27,471,099**	**18,957,670**	**2,339,428**	**21,297,098**

(i) Global Credit Investments Pty Ltd

The Global Credit Investments Pty Ltd (GCI) loan was entered into on 1 September 2017 and matures on 31 August 2019. The loan is secured over certain identified receivables of QuickFee Group LLC (QuickFee US). The loan attracts interest at 10% per annum paid monthly in arrears and has a limit of US$5,000,000. Further draw downs are at the lender's discretion. The loan does not have an equity conversion feature.

(ii) Lease Collateral Pty Ltd

A loan with a limit of $20,000,000 was entered into with Lease Collateral Pty Ltd. The loan attracts interest at 3.95% per annum plus the base rate as published by the Reserve Bank of Australia. The loan matures 12 months after the date that a termination notice is sent by either party. As at the date of this report a termination notice had not been received from either party. The loan is secured over the QuickFee Australia Pty Ltd loan book and does not have an equity conversion feature.

There is an established business practice for partial repayments following receipt of funds from the group's loan customers in accordance with their loan schedule. Non-current loans represent loans whereby the loan customer is not required to repay to the group within 12 months and thus the obligation of the group to repay these loans would also be for a longer period than 12 months.

(iii) Bonec Pty Limited

An unsecured loan with Bonec Pty Limited, an entity controlled by Mr Bruce Coombes, was entered into on 26 November 2018. Interest is charged monthly at 10% per annum and the loan converted to ordinary share capital on IPO of QuickFee Limited as disclosed in note 15. Total interest paid and payable for the year ended 30 June 2019 was $8,903.

(iv) Carrot Consulting Pty Limited

An unsecured loan with Carrot Consulting Pty Limited, an entity controlled by Mr Bruce Coombes, was entered into on 1 June 2018 with repayment expected on 31 December 2019. Interest is charged monthly at 12% per annum and the loan has a limit of $500,000. Total interest paid and payable for the year ended 30 June 2019 was $43,000.

(v) Convertible loans

Convertible loan agreements were entered into between the group and a number of parties in the period ended 30 June 2018. The notes converted to ordinary share capital at $0.10 each on IPO of QuickFee Limited as disclosed in note 15. The conversion of the loan was at the discretion of the group.

(vi) Derida Pty Limited

An unsecured loan with Derida Pty Limited, an entity in which Mr Dale Smorgon is a 25% shareholder and director, was entered into on 1 June 2018 with repayment expected on 31 December 2019. Interest is charged monthly at 12% per annum and the loan has a limit of $500,000.

A separate unsecured loan with Derida Pty Limited was entered into on 26 November 2018. Interest is charged monthly at 10% per annum and the loan converted to ordinary share capital on IPO of QuickFee Limited as disclosed in note 15.

For the two loans, total interest paid and payable for the year ended 30 June 2019 was $23,785.

(vii) Jamada Holdings Pty Limited

An unsecured loan with Jamada Holdings Pty Limited, an entity controlled by Mr Bruce Coombes, was entered into on 26 November 2018. Interest is charged monthly at 10% per annum and the loan converted to ordinary share capital on IPO of QuickFee Limited as disclosed in note 15. Total interest paid and payable for the year ended 30 June 2019 was $16,272.

(viii) Wingate Direct Investments Pty Limited

An unsecured loan with Wingate Direct Investments Pty Limited, an entity associated with Mr Franco Dogliotti (director of QuickFee Australia Pty Ltd until May 2019), was entered into on 1 June 2018 with repayment expected on 31 December 2019. Interest is charged monthly at 12% per annum and the loan has a limit of $500,000.

(ix) Other unsecured borrowings

Other unsecured borrowings comprise loans of:

- $400,000 as at 30 June 2019 (2018: nil) entered into on 26 November 2018. Interest is charged monthly at 10% per annum and the loan converted to ordinary share capital on IPO of QuickFee Limited as disclosed in note 15.
- US$500,000 facility limit with US$500,000 (A$715,962) drawn down as at 30 June 2019 (2018: US$500,000 or A$676,498) and interest charged monthly at 6% per annum.

(x) Fair value

The fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

(xi) Risk exposures

Details of the group's exposure to risks arising from current and non-current borrowings are set out in note 9.

6 Equity

(a) Contributed equity

	NOTES	9 JULY 2019 SHARES	30 JUNE 2019 SHARES	30 JUNE 2018 SHARES	9 JULY 2019 $	30 JUNE 2019 $	30 JUNE 2018 $
Full paid ordinary shares	6(a)(ii)						
QuickFee Limited		140,550,001	1	1	19,104,252	(117,402)	1
QuickFee AU		–	729,166	700,000	–	2,033,827	1,913,827
QuickFee US		–	2,000,000	2,000,000	–	727,827	727,827
	6(a)(i)	**140,550,001**	**2,729,167**	**2,700,001**	**19,104,252**	**2,644,252**	**2,641,655**

(i) Movements in ordinary shares:

DETAILS	NUMBER OF SHARES	TOTAL $
Balance at 15 February 2018	1	1
Common control transaction (2018-02-15)[1]	2,700,000	2,641,654
Balance at 30 June 2018	**2,700,001**	**2,641,655**
Issue at $4.11 to employees of QuickFee Australia Pty Ltd (2019-01-23)	29,166	120,000
Less: Transaction costs arising on future share issues on IPO[2]	–	(117,403)
Balance at 30 June 2019	**2,729,167**	**2,644,252**
Conversion of existing QuickFee AU and QuickFee US class shares to QuickFee Limited class shares pursuant to IPO (2019-07-09)[3]	47,520,834	–
Issue at $0.10 on conversion of QuickFee Limited seed loan agreements (2019-07-09)	16,000,000	1,600,000
Issue at $0.20 on conversion of QuickFee US s/holder loan agreements (2019-07-09)	6,000,000	1,200,000
Issue at $0.20 pursuant to IPO (2019-07-09)	67,500,000	13,500,000
Issue at $0.20 as consideration to broker on IPO (2019-07-09)	800,000	160,000
Balance at 9 July 2019[4]	**140,550,001**	**19,104,252**

Notes

1. As disclosed in note 11, the deemed occurrence of the common control transaction was 15 February 2018 from an accounting perspective (notwithstanding the IPO and legal acquisition date of 9 July 2019). The transaction value of $2,641,654 represents the net assets of the combining entities reflected at their 15 February 2018 carrying amounts. This value does not represent cash inflows of fully paid ordinary shares and should not be interpreted as such. The number of shares is the total of the separate share registries of the combining entities (i.e. QuickFee AU and QuickFee US) as at 15 February 2018.
2. Transaction costs that would have occurred regardless of the IPO proceeding were recognised in the year ended 30 June 2019. Such costs have been prorated between 'listing costs' in profit or loss and as a deduction to equity according to the ratio of new shares (relative to the overall capital structure) issued upon IPO.
3. Conversion of QuickFee AU and QuickFee US class shares to QuickFee Limited class shares incorporates the 24,000,000 ordinary shares issued as full consideration for the acquisition of QuickFee AU and the 26,250,000 ordinary shares issued as partial consideration for the acquisition of QuickFee US on 9 July 2019 on IPO as disclosed in note 15 (i.e. 50,250,000 shares in total). This 50,250,000 shares comprises the following line items in 'movements in ordinary shares' above: (a) 2,700,000 million shares as at 15 February 2018, the date of the common control transaction disclosed in note 11; (b) 29,166 shares issued in the period ended 30 June 2018; and (c) the conversion figure of 47,250,834.
4. Balance at 9 July 2019 excludes transaction costs arising on share issues contingent on the successful completion of the IPO, principally broker underwriting and management fees.

(ii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(b) Other reserves

The consolidated balance sheet line item 'other reserves' comprises the 'foreign currency translation reserve'.

(i) Nature and purpose of other reserves

Foreign currency translation

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income as described in note 20(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

7 Cash flow information

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

	NOTES	2019 $	2018 $
Loss for the period			
Adjustments for		(1,154,932)	(278,973)
Depreciation	3(b)	3,771	19,457
Interest income from financial institutions		(1,633)	–
Change in operating assets and liabilities:			
Movement in loan receivables		(6,005,038)	(2,488,894)
Movement in other receivables		(56,931)	107,532
Movement in other operating assets		(179,292)	(55,432)
Movement in trade and other payables		301,100	120,125
Movement in other operating liabilities		288,564	(45,307)
Net cash inflow (outflow) from operating activities		**(6,804,391)**	**(2,621,492)**

8 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgements are:

- Non-recognition of carry-forward tax losses – note 4(c)
- Estimation of split between transaction costs arising on future share issues between profit or loss and equity – note 6(a)(i)
- Consolidation decisions and determination of the common control transaction – note 11.

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

9 Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance.

The group's risk management is predominantly controlled by the board. The board monitors the group's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The group is primarily exposed to changes in the United States dollar against the Australian dollar on translation into the group's presentation currency of controlled entity's financial information. However, there are no material financial assets and liabilities denominated in currencies other than the functional currency of each entity. Therefore, management has concluded that market risk from foreign exchange fluctuation is not material.

(ii) Interest rate risk

The group is not exposed to interest rate risk on the vast majority of its financial instruments as loans and borrowings and interest received as revenue from customers are set at fixed interest rates. The exception to this is the borrowing with Lease Collateral Pty Ltd which has a variable component being the base rate stipulated by the Reserve Bank of Australia (RBA). If the RBA rate moved by 0.25% it would increase/decrease the interest expense by $45,487 (2018:$39,024).

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group.

(i) Risk management

The group's customer base consists of professional service firms; typically, these firms are long established businesses. Credit risk is managed through the maintenance of procedures, ensuring to the extent possible that firms and clients that are counterparties to transactions are of sound credit worthiness. Both QuickFee AU and QuickFee US apply the group's 'credit and collections policy' prior to granting any loans to clients and firms in order to ensure sound and prudent lending practices are applied. The policy sets out:

- limits for the value of loans granted to clients with respect to a firm's annual revenue to limit risks related to a firm's ability to repay loans on behalf of a client, if required;
- limits for the value of loans granted to any one particular firm to limit concentration of its loan book;
- annual reviews undertaken in respect of all client loans and firms; and
- undertaking credit checks on all borrowers prior to granting loans.

To further protect the group from credit risk, firms grant to QuickFee Limited the irrevocable right to require the firm to purchase a client loan for the outstanding amount in the event that a client defaults on an instalment payment.

Accordingly, the group is not exposed to any significant credit risk on loan receivables due to the fact that the group has recourse against the borrowers to recover amounts in respect of unpaid invoices used as collateral for any loan granted. Historically the risk of default has been immaterial due to the underlying professional services firms being low risk. The group also has credit insurance to mitigate against the risk of default and there is not a significant risk of concentration.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

(ii) Impairment of financial assets

The culmination of the series of protections against credit risk identified in note 9(b)(i) above is that the identified loss allowance as at 30 June 2019 and 30 June 2018 was determined for loan receivables to be immaterial, resulting in the non-recognition of any expected credit losses.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was likewise immaterial.

(iii) Past due but not impaired

As at 30 June 2019, loan receivables of $1,274,258 (2018: $1,170,125) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these loan receivables is as follows:

	2019 $	2018 $
1-30 days overdue	1,150,509	531,232
31-60 days overdue	34,754	136,017
61-90 days overdue	12,007	434,473
91+ days overdue	76,988	68,403
	1,274,258	**1,170,125**

Notes to the financial statements

Continued

9 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- preparing forward looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing cash and cash equivalents and deposits at call with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

(i) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	LESS THAN 12 MONTHS $	BETWEEN 1 AND 2 YEARS $	BETWEEN 2 AND 5 YEARS $	OVER 5 YEARS $	TOTAL CONTRACTUAL CASH FLOWS $	CARRYING AMOUNT (ASSETS)/ LIABILITIES $
At 30 June 2019						
Loan settlements outstanding	4,315,530	–	–	–	4,315,530	4,315,530
Trade and other payables	605,033	–	–	–	605,033	605,033
Borrowings	26,888,162	434,222	–	–	27,322,384	27,322,384
Total	**31,808,725**	**434,222**	**–**	**–**	**32,242,947**	**32,242,947**
At 30 June 2018						
Loan settlements outstanding	3,056,739	–	–	–	3,056,739	3,056,739
Trade and other payables	186,530	–	–	–	186,530	186,530
Borrowings	18,849,221	2,339,428	–	–	21,188,649	21,188,649
Total	**22,092,490**	**2,339,428**	**–**	**–**	**24,431,918**	**24,431,918**

10 Capital management

(a) Risk management

The group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may issue new shares or reduce its capital, subject to the provisions of the group's constitution. The capital structure of the group consists of equity attributed to equity holders of the group, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the group's management, the board monitors the need to raise additional equity from the equity markets.

(b) Dividends

(i) Ordinary shares

	30 JUNE 2019 $	FROM 15 FEBRUARY TO 30 JUNE 2018 $
Dividends to shareholders of QuickFee Australia Pty Ltd	680,000	100,000

Dividends of $680,000 were paid in the period ended 30 June 2019 (2018: $100,000) to the shareholders of QuickFee Australia Pty Ltd. These dividends were paid prior to the legal acquisition of QuickFee Australia Pty Ltd by QuickFee Limited as disclosed in note 11. Accordingly, these dividends do not represent dividends of QuickFee Limited and should not be interpreted as such.

(ii) Franked dividends

	CONSOLIDATED ENTITY	
	2019 $	2018 $
Franking credits available for subsequent reporting periods based on a tax rate of 27.5% (2018: 27.5%)	379,704	428,895

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the period.

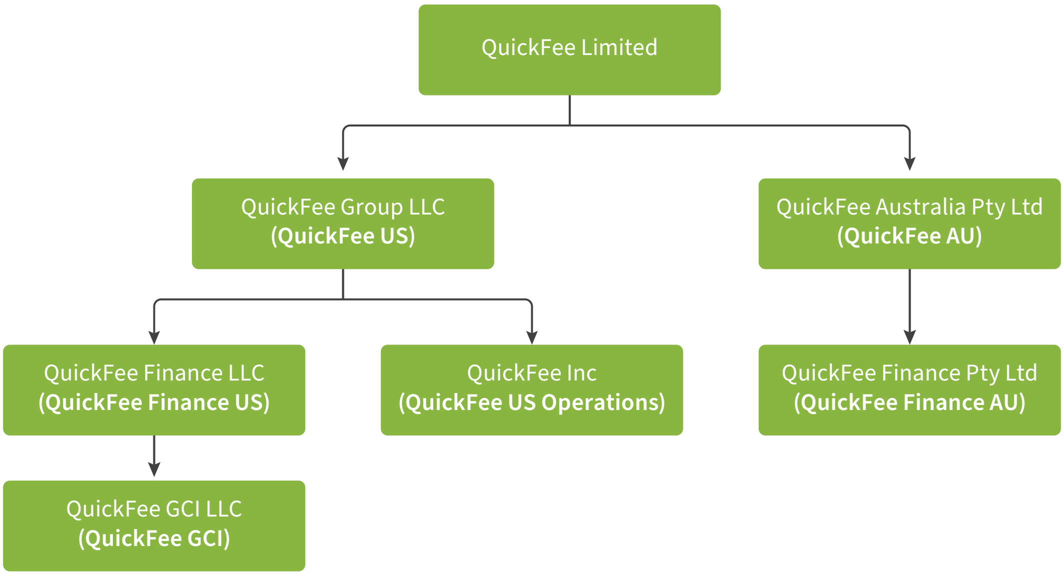
The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

Notes to the financial statements

Continued

11 Common control transaction

The group entered into binding acquisition agreements to acquire 100% of the issued share capital in both QuickFee Australia Pty Ltd (QuickFee AU) and QuickFee Group LLC (QuickFee US) as described in the group structure below.



These binding agreements were subject to certain conditions including the completion of the IPO which occurred on 9 July 2019. The transaction resulted in existing shareholders of both QuickFee AU and QuickFee US becoming shareholders of QuickFee Limited, which is ultimately the parent entity of the group. The characteristics of this transaction are outside the scope of AASB 3 *Business Combinations* due to the common control of both the acquirer and the acquirees. This also meant that the shareholder group which controlled QuickFee Limited also effectively controlled QuickFee AU and QuickFee US from the date of the group's incorporation.

In determining the date of common control from an accounting (as opposed to legal) perspective, the 15 February 2018 incorporation date of the parent entity was determined to be the date of the common control transaction.

Management have accounted for the combination using the 'pooling method' of common control as detailed below:

- Assets and liabilities (and therefore equity) of the combining entities are reflected at their carrying amounts;
- The number of ordinary shares was ascertained by combining the three separate classes of ordinary shares; that is, the ordinary shares of QuickFee Limited, QuickFee AU and QuickFee US (refer to note 6(a) for further details);
- No adjustments have been made to reflect fair values, or recognise any new assets or liabilities, that would otherwise have been done under the acquisition method of accounting under AASB 3. The only adjustments that have been made were to harmonise accounting policies;
- No goodwill has been recognised as a result of the combination;
- The consolidated statement of profit or loss and other comprehensive income reflects the results of the combining entities for the period from 1 July 2018 to 30 June 2019; and
- Comparative information has been presented reflecting the period from 15 February 2018 to 30 June 2018, with the former representing the date of the common control transaction as outlined above.

12 Interests in other entities

(a) Material controlled entities

The group's controlled entities at 30 June 2019 are set out below. The country of incorporation or registration is also their principal place of business.

		OWNERSHIP INTEREST HELD BY THE GROUP		
NAME OF ENTITY	PLACE OF BUSINESS/COUNTRY OF INCORPORATION	9 JULY 2019 %	30 JUNE 2019 %	30 JUNE 2018 %
QuickFee Australia Pty Ltd	Australia	100	–	–
QuickFee Finance Pty Ltd	Australia	100	–	–
QuickFee GCI Pty Limited	Australia	100	–	–
QuickFee Group LLC	United States	100	–	–
QuickFee Finance LLC	United States	100	–	–
QuickFee GCI LLC	United States	100	–	–
QuickFee Inc.	United States	100	–	–

As at 30 June 2019, legal ownership of the above mentioned controlled entities did not exist. As disclosed in note 11, the deemed occurrence of the common control transaction was 15 February 2018 from an accounting perspective (notwithstanding the IPO date of 9 July 2019). Accordingly, the group's controlled entities became subsidiaries on 9 July 2019 with 100% ownership interests held by the group at this date.

13 Contingent liabilities

The group had no material contingent liabilities at 30 June 2019 (2018: nil).

14 Commitments

(a) Non-cancellable operating leases

The group leases an office suite under a non-cancellable operating lease expiring on 31 October 2019.

	2019 $	2018 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	12,837	38,137
Later than one year but not later than five years	–	12,837
	12,837	**50,974**

Notes to the financial statements

Continued

15 Events occurring after the reporting period

On 9 July 2019, QuickFee Limited undertook an IPO on the Australian Securities Exchange (ASX) with 67,500,000 ordinary shares issued at $0.20 each, raising $13,500,000 before transaction costs. Many transactions were contractually covenanted to take place upon the IPO, including:

- The legal acquisition by QuickFee Limited of QuickFee AU as disclosed in note 11, resulting in the issue of 24,000,000 ordinary shares in QuickFee Limited and cash settlement of $3,200,000 as full consideration;
- The legal acquisition by QuickFee Limited of QuickFee US as disclosed in note 11, resulting in the issue of 26,250,000 ordinary shares in QuickFee Limited as consideration along with provision for 9,148,630 deferred consideration shares to be issued following satisfaction of the following milestones:
  - 1/3 to be issued upon QuickFee US having successfully contracted more than 300 firms (by number) within 24 months;
  - 1/3 to be issued upon QuickFee US achieving an aggregate value of currently held loans in excess of US$6,000,000 within 24 months; and
  - 1/3 to be issued upon the aggregate value of loans made by QuickFee US from the commencement of QuickFee US's operations exceeding US$15,000,000 within 24 months.
- The conversion of seed loan agreements described in note 5(d)(v) with various lenders pursuant to which the $1,600,000 was loaned to QuickFee Limited. Such loans converted into shares at an issue price of $0.10 per share resulting in the issuance of 16,000,000 ordinary shares in the company;
- The conversion of loan agreements with QuickFee US shareholders described in notes 5(d)(iii), 5(d)(vi), 5(d)(vii) and 5(d)(ix) pursuant to which the $1,200,000 was loaned to QuickFee Limited. Such loans converted into shares at an issue price of $0.20 per share resulting in the issuance of 6,000,000 ordinary shares in the company;
- The grant of 800,000 shares and 3,000,000 broker options to EverBlu Capital Pty Ltd in consideration for the termination of their role as lead manager to the IPO. These options expire on 9 July 2022 and comprise three tranches of 1,000,000 options (Class A, B and C) with exercise prices of $0.20, $0.30 and $0.40, respectively;
- The grant of 3,000,000 executive options to Mr Bruce Coombes. These options expire on 9 July 2023 and comprise three tranches of 1,000,000 options (Class A, B and C) with exercise prices of $0.30, $0.40 and $0.50, respectively. Class A, B and C vest and become capable of exercise 12, 24 and 36 months, respectively, from their date of issue contingent on continued employment at each vesting date;
- The grant of 5,851,370 performance rights to employees of QuickFee US, including 2,925,685 to Mr James Drummond. These performance rights vest upon QuickFee US having successfully contracted more than 300 firms (by number) within 24 months following the issue date.

These transactions contingent on the IPO were adjudged to be non-adjusting subsequent events.

On 10 September 2019, the group announced the achievement of one of the performance milestones for deferred consideration shares. This comprised the aggregate value of loans made by QuickFee US from the commencement of QuickFee US's operations exceeding US$15,000,000 within 24 months. As a result, QuickFee Limited issued 3,049,543 shares to the vendors of QuickFee US.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial periods.

16 Related party transactions

(a) Controlled entities

Interests in controlled entities are set out in note 12(a).

(b) Key management personnel compensation

	30 JUNE 2019 $	FROM 15 FEBRUARY TO 30 JUNE 2018 $
Short-term employee benefits	720,067	227,430
Post-employment benefits	26,084	11,782
Long-term benefits	51,629	–
	797,780	**239,212**

Detailed remuneration disclosures are provided in the remuneration report on pages 10 to 18.

(c) Transactions with other related parties

The following transactions occurred with related parties:

	30 JUNE 2019 $	FROM 15 FEBRUARY TO 30 JUNE 2018 $
Sales and purchases of goods and services		
Purchases of various goods and services from entities controlled by key management personnel (i)	165,000	–

(i) Purchases from entities controlled by key management personnel

The group acquired the following services from entities that are controlled by members of the group's key management personnel:

- Consultancy fees.

For detailed disclosures please refer to the remuneration report on pages 10 to 18.

(d) Loans to/from related parties

Loans from related parties are disclosed in note 5(d).

17 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) William Buck Audit (Vic) Pty Ltd

(i) Audit and other assurance services

	2019 $	2018 $
Audit and review of financial statements	39,909	17,205
Other assurance services		
Investigating accountant's report	9,000	–
Total remuneration for audit and other assurance services	48,909	17,205
Total auditor's remuneration	**48,909**	**17,205**

18 Loss per share

(a) Reconciliation of loss used in calculating loss per share

	30 JUNE 2019 $	FROM 15 FEBRUARY TO 30 JUNE 2018 $
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:		
From continuing operations	1,154,932	278,973

(b) Weighted average number of shares used as the denominator

	30 JUNE 2019 NUMBER	30 JUNE 2018 NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	2,712,626	2,700,001

	NOTES	9 JULY 2019 NUMBER
Number of ordinary shares on issue post-IPO used as the denominator in calculating pro forma loss per share	6(a)(i)	140,550,001

19 Parent entity financial information

(a) Summary financial information

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

	2019 $	2018 $
Balance sheet		
Current assets	11,444	638,431
Non-current assets	4,618,687	3,470,616
Total assets	4,630,131	4,109,047
Current liabilities	3,152,564	1,467,392
Total liabilities	3,152,564	1,467,392
Shareholders' equity		
Contributed equity	2,524,252	2,641,655
Retained earnings	(1,046,685)	–
	1,477,567	**2,641,655**
Loss for the period	**1,046,685**	**–**
Total comprehensive loss	**1,046,685**	**–**

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees in relation to debts of its controlled entities in the period ended 30 June 2019 (2018: nil).

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018.

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

The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in the period ended 30 June 2019 (2018: nil).

(e) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements.

Summary of significant accounting policies

Contents

20 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the group consisting of QuickFee Limited and its controlled entities.

(a) 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 and the *Corporations Act 2001*. QuickFee Limited is a for-profit entity for the purpose of preparing the financial statements.

These financial statements are the first for the group and cover the period from 1 July 2018 to 30 June 2019. The comparative period is from 15 February 2018 to 30 June 2018.

AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* were adopted on 15 February 2018.

(i) Compliance with IFRS

The consolidated financial statements of the QuickFee Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

(iii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	**AASB Interpretation 23 *Uncertainty over Income Tax Treatment***
Nature of change	Interpretation 23 clarifies the application of the recognition and measurement criteria in AASB 112 *Income Taxes* where there is uncertainty over income tax treatments and requires an assessment of each uncertain tax position as to whether it is probable that a taxation authority will accept the position. Where it is not probable, the effect of the uncertainty will be reflected in determining the relevant taxable profit or loss, tax bases, unused tax losses and unused tax credits or tax rates. The amount will be determined as either the single most likely amount or the sum of the probability weighted amounts in a range of possible outcomes, whichever better predicts the resolution of the uncertainty. Judgements will be reassessed as and when new facts and circumstances are presented.
Impact	The group's existing recognition and measurement accounting policies are aligned with the requirements of Interpretation 23 and hence no transition adjustment to retained earnings is required.
Mandatory application date/Date of adoption by group	The group has adopted the standard from its mandatory adoption date of 1 July 2019.

Notes to the financial statements

Continued

20 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iii) New standards and interpretations not yet adopted (continued)

Title of standard	**AASB 16 *Leases***
Nature of change	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.
Impact	The group has reviewed all leasing arrangements in light of the new lease accounting rules in AASB 16. The standard will affect the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of $12,837, see note 14(a). The group expects to recognise right-of-use assets of approximately $11,190 on 1 July 2019 and lease liabilities of $12,706 (after adjustments for prepayments and accrued lease payments recognised as at 30 June 2019). Overall net assets will be approximately $1,516 lower. The group expects that net profit after tax will increase by approximately $1,516 for the year ended 30 June 2020 as a result of adopting the new rules. Operating cash flows will increase and financing cash flows decrease by approximately $12,837 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.
Mandatory application date/ Date of adoption by group	The group will apply the standard from its mandatory adoption date of 1 July 2019. The group is currently in the process of implementing the standard. The group intends to apply the modified retrospective transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other new standards and interpretations that are not yet effective and that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

(b) Principles of consolidation

(i) Controlled entities

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

The 'pooling method' of accounting is used to account for common control business combinations by the group.

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

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. This has been identified as the chief executive officer.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar ($), which is QuickFee Limited's functional and presentation currency.

(ii) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

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

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

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

(e) Revenue recognition

The accounting policies for the group's revenue from contracts with customers are explained in note 2.

(f) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its controlled entities and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

20 Summary of significant accounting policies (continued)

(f) Income tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (note 14). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

(i) Loan receivables and payables

The accounting policies for the group's loan receivables and loan settlements outstanding (loan payables) are explained in note 5(b).

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(k) Borrowings

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

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(l) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get 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.

Other borrowing costs are expensed in the period in which they are incurred.

(m) Contributed equity

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.

(n) Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(o) Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

20 Summary of significant accounting policies (continued)

(p) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

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

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 23 to 56 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial period ended on that date, and

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

Note 20(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of directors.

Mr Barry Lewin
Non-Executive Chairman

Sydney
26 September 2019

Independent auditor’s report

William Buck

QuickFee Limited

Independent auditor’s report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of QuickFee Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other 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 other explanatory information, and the directors’ declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group’s financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 auditor independence requirements of the *Corporations Act 2001* and 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 Matter

The comparative period disclosed in the financial period, being the 15th of February to the 30th of June 2018, has not been audited.

The controlled entities referred to in the notes to the financial report have been audited on a single entity basis for the year ended 30 June 2018, for which unmodified opinions were expressed.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REVENUE RECOGNITION	
Area of focus	**How our audit addressed it**
Quickfee Ltd has two distinct revenue streams material to the audit, being a) its loan application fees and b) its loan interest charges. Under its revenue recognition policy, both the application fee and underlying loan interest are considered to be one performance obligation, with revenue under this performance obligation recognised over the duration of the contract. There is risk that revenues that are unearned under each loan agreement are brought forward and recognised in-advance of this revenue recognition policy.	Our testing concentrated on the following procedures: — Reviewing individual loan contracts and establishing the existence of the contract asset, comprised of the deferred application fee and deferred interest fees; — Vouching under a sample basis underlying loan books to loan agreements; — Recalculating interest and application fees (and its subsequent release from unearned income in the statement of financial position to income in the statement of profit loss) — Re-performing the 5-step revenue recognition process as stipulated in AASB 15 to assess the identification and treatment of performance obligations under the loan agreements; We also ensured that disclosures of revenue recognition and the accounting policy thereon are appropriate in the financial statements.

Independent auditor's report

Continued

ACCRUAL AND CLASSIFICATION OF CONTRACTUAL UNDERTAKINGS OF THE IPO	
Area of focus	**How our audit addressed it**
On 9 July 2019, the Group completed an Initial Public Offering (IPO), collecting $13.5 million cash (before costs). As at 30 June 2019 the Group was contractually bound to almost all the service providers to the IPO, these principally being: — Brokers; — Corporate advisors; and — Lawyers and accountants. In preparing these financial statements, management assessed that any costs that were for services rendered, irrespective of the success of the IPO, should be accrued as at 30 June 2019, and those costs which were contingent upon the successful completion of the IPO, were not recognised until the following financial year. Management also conducted an analysis of the IPO costs which were accrued and apportioned pro-rata between the profit or loss or to equity according to the ratio of new shares (relative to the overall capital structure) issued upon IPO. In-addition to the above costs, many transactions were contractually covenanted to take place upon the IPO, including the following: — The legal acquisition by QuickFee Limited of QuickFee Australia Pty Ltd and QuickFee Group LLC; — The conversion of some debt instruments into equity; and — The grant (precipitating the subsequent issue) of a contingent equity arrangements including performance rights and options to senior management, consultants and directors. Other than the acquisition transaction (refer below), the transactions, which completed in July 2019 were adjudged by management to be non-adjusting subsequent events, which were disclosed but not recognised for the year ended 30 June 2019.	*Costs of the IPO* — We inspected the major contractual undertakings of the Group to understand which costs were and were not contingent upon the IPO to determine whether or not they should be accrued in the financial statements; — We examined management's model for apportioning costs between the profit and loss and equity by vouching to the % of new shares issued under IPO. *Executory contracts not yet performed at 30 June* — We inspected these agreements to ensure that their status, as at 30 June, was contingent upon the fulfilment of the IPO; With all matters, either accrued as at 30 June or non-adjusting subsequent events, we ensure that they were appropriately disclosed in these financial statements.

CONTROL OVER SUBSIDIARIES PRIOR TO THE DATE OF LEGAL ACQUISITION	
Area of focus	**How our audit addressed it**
Management determined that QuickFee Australia Pty Ltd and QuickFee Group LLC were subject to common control from the date of the QuickFee Limited's incorporation, not withstanding that the legal acquisition occurred on 9 July 2019. In determining this, the Group considered that the key shareholdings of Quickfee Pty Ltd and the Quickfee Group LLC combined allowed the directors representing those shareholdings (at the time) to control the Combined Group both before and after the acquisition and prior to the injection of new capital into the Combined Group.	— We inspected the shareholding interests in each entity and vouched which shareholding parties were able to control each entity; — We consulted with our internal specialists whether or not the transaction met the definition of common control; — We ensured that the common control transaction was computationally correct and brought in the net assets of the combining entities as at that date at their historical carrying values. We also examined key disclosures relevant to the common control transaction in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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

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

In preparing the financial report, the directors are 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 the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of QuickFee Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

N.S. Benbow

Director

Melbourne, 26 September 2019

Shareholder information

The shareholder information set out below was applicable as at 23 September 2019.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

HOLDING	NO. OF HOLDERS	ORDINARY SHARES
1 – 1000	107	76,770
1,001 – 5,000	631	1,750,190
5,001 – 10,000	342	2,881,812
10,001 – 100,000	646	23,184,340
100,001 and over	148	115,706,432
	1,874	**143,599,544**

There were 45 holders of less than a marketable parcel of ordinary shares.

Shareholder information

Continued

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

NAME	ORDINARY SHARES	
	NUMBER HELD	**PERCENTAGE OF SHARES**
DERIDA PTY LIMITED	21,399,817	14.90
JAMADA HOLDINGS PTY LIMITED	12,764,496	8.89
BONEC PTY LIMITED	7,867,321	5.48
HTI MANAGEMENT PTY LTD	7,859,909	5.47
WINGATE DIRECT INVESTMENTS PTY LTD	7,680,000	5.35
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,998,401	3.48
UBS NOMINEES PTY LTD	3,609,250	2.51
SARGON CT PTY LTD	2,800,000	1.95
COLUMBUS INVESTMENT SERVICES LIMITED	2,000,000	1.39
SUBURBAN HOLDINGS PTY LIMITED <SUBURBAN SUPER FUND A/C>	2,000,000	1.39
SPINITE PTY LTD	1,500,000	1.04
MR ZHAOYANG BI & MRS FEIFEI CHENG	1,500,000	1.04
FIFTY SECOND CELEBRATION PTY LTD	1,385,000	0.96
NATIONAL NOMINEES LIMITED	1,325,858	0.92
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	1,200,000	0.84
J C O'SULLIVAN PTY LTD <J C O'SULLIVAN P/L S/F A/C>	1,150,000	0.80
AUSTRAL CAPITAL PTY LTD <AUSTRAL EQUITY A/C>	1,050,000	0.73
BNC GLOBAL INVESTMENTS PTY LTD	1,000,000	0.70
ANGLO AUSTRALASIA HOLDINGS PTY LTD <ANGLO AUSTRALASIA A/C>	950,000	0.66
PORTCULLIS HOUSE PTY LTD	900,000	0.63
	84,940,052	**59.13**

B. Equity security holders (continued)

Unquoted equity securities

	NUMBER ON ISSUE	NUMBER OF HOLDERS
Deferred consideration shares	6,099,086	4
Options	6,000,000	2
Performance rights	5,851,370	2

The following holders have unquoted options each representing more than 20% of these securities:

- Deferred consideration shares: Derida Pty Limited (2,439,634), Jamada Holdings Pty Limited (2,276,993) and HTI Management Pty Limited (1,219,817)
- Options: Mr Bruce Coombes (3,000,000) and EverBlu Capital Pty Ltd (3,000,000)
- Performance rights: Mr James Drummond (2,925,685) and Mr Kyle Redding (2,925,685)

C. Substantial holders

Substantial holders in the company are set out below:

	NUMBER HELD	PERCENTAGE
DERIDA PTY LIMITED	21,399,817	14.90%
JAMADA HOLDINGS PTY LIMITED	12,764,496	8.89%
BONEC PTY LIMITED	7,867,321	5.48%
HTI MANAGEMENT PTY LTD	7,859,909	5.47%
WINGATE DIRECT INVESTMENTS PTY LTD	7,680,000	5.35%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares: 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.

(b) Deferred consideration shares: No voting rights.

(c) Options: No voting rights.

(d) Performance rights: No voting rights.

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Corporate directory

Directors
Mr Barry Lewin
Non-Executive Chairman

Mr Bruce Coombes
Managing Director and Chief Executive Officer

Mr Dale Smorgon
Non-Executive Director

Secretary
Mr Phillip Hains
Ms Jennifer James

Registered office
Level 3, 62 Lygon Street
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Telephone: +61 (0)3 9824 5254

Principal place of business
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Share register
Boardroom Pty Limited
Grosvenor Place
Level 12, 225 George Street
Sydney NSW 2000

Telephone: +61 (0)2 9290 9600

Auditor
William Buck Audit (Vic) Pty Ltd
Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 (0)3 9824 8555

Solicitors
Steinepreis Paganin
Level 4, 16 Milligan Street
Perth WA 6000

Telephone: +61 (0)8 9321 4000

Bankers
Westpac Banking Corporation

Stock exchange listings
QuickFee Limited shares are listed on the Australian Securities Exchange (ASX code: QFE)

Website
www.quickfee.com.au

QuickFee.

www.quickfee.com.au