QuickFee Group

Annual Report - 30 June 2018

QuickFee Group
Directors' report
30 June 2018

The directors present their report, together with the financial statements, on QuickFee USA Limited, QuickFee Group LLC, QuickFee Inc, QuickFee GCI LLC and QuickFee Finance LLC collectively known as the Combined Entity or the QuickFee Group for the year ended 30 June 2018.

Directors

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

Dale Smorgon
Bruce Coombes
Dean Smorgon

Principal activities

During the financial year the principal continuing activities of the Combined Entity consisted of:

- Provision of payment gateway services
- Lending of money to clients of professional firms

Dividends

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

Review of operations

The loss for the Combined Entity after providing for income tax amounted to US$604,289 (30 June 2017: US$859,579).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Combined Entity during the financial year other than the issue of share capital to new and existing shareholders.

Matters subsequent to the end of the financial year

The following matters have significantly affected the Combined Entity since 30 June 2018.

Convertible loan agreements were entered into between the Combined Entity and a number of parties raising a total of A$1,480,000 (US$1,141,672) on and around 30 June 2018. The loans will convert to equity at the earlier of the listing of the Combined Entity on the ASX or 6 months from when the convertible loan agreement was made. If the Combined Entity does not list within 5 months of draw down, the Combined Entity can repay the loan in cash at its discretion or convert the loan into shares at a price of $0.10. If the Combined Entity elects to repay the loan in cash a 10% coupon will be payable on the repayment date. Subsequent to 30 June 2018 a further A$120,000 was raised under the same terms as noted above.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Combined Entity's operations, the results of those operations, or the Combined Entity's state of affairs in future financial years.

Likely developments and expected results of operations

The Combined Entity is continuing to invest in sales and marketing activities to grow the number of customers using its solutions. It is expected that further customers will use the services the Continuing Entity provides.

Functional and presentation currency
These financial statements are prepared in United States dollars which is the functional and presentation currency of the Combined Entity.

Shares under option
The Combined Entity has no shares under option at the date of this report.

Environmental regulation
The Combined Entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Indemnity and insurance of officers
The Combined Entity has indemnified the directors and executives of the Combined Entity for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Combined Entity paid a premium in respect of a contract to insure the directors and executives of the Combined Entity against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Combined Entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Combined Entity or any related entity against a liability incurred by the auditor.

During the financial year, the Combined Entity has not paid a premium in respect of a contract to insure the auditor of the Combined Entity or any related entity.

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

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Bruce Coombes
Director
30 November 2018

William Buck

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

I declare that, to the best of my knowledge and belief during the year ended 30 June 2018 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 30th day of November, 2018

CHARTERED ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

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QuickFee Group
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	Year-ended 30 Jun 2018 US$	Year-ended 30 Jun 2017 US$
Revenue			
Interest income		234,367	93,544
Loan fee income		131,103	25,872
Service fee income		67,308	19,438
Expenses			
General and administration		(476,769)	(541,303)
Occupancy		(46,580)	(45,502)
Employee benefits		(346,436)	(344,930)
Depreciation		(2,686)	(972)
Finance costs		(164,596)	(65,726)
Loss before income tax expense		(604,289)	(859,579)
Income tax expense	3	-	-
Loss after income tax expense for the year attributable to the owners of QuickFee Group		(604,289)	(859,579)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(19,552)	-
Other comprehensive income for the year, net of tax		(19,552)	-
Total comprehensive income for the year attributable to the owners of QuickFee Group		(623,841)	(859,579)

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

QuickFee Group
Statement of financial position
As at 30 June 2018

	Note	30 Jun 2018 US$	30 Jun 2017 US$
Assets			
Current assets			
Cash and cash equivalents		2,177,232	614,692
Trade and other receivables	4	2,412,929	1,123,337
Prepayments		38,577	48,796
Total current assets		4,628,738	1,786,825
Non-current assets			
Plant and equipment		6,237	6,172
Total non-current assets		6,237	6,172
Total assets		4,634,975	1,792,997
Liabilities			
Current liabilities			
Borrowings	5	1,641,672	-
Unearned income		115,846	59,407
Trade and other payables	6	1,084,021	666,313
Total current liabilities		2,841,539	725,720
Non-current liabilities			
Borrowings	7	1,550,000	1,000,000
Total non-current liabilities		1,550,000	1,000,000
Total liabilities		4,391,539	1,725,720
Net assets		243,436	67,277
Equity			
Issued capital	8	2,100,000	1,300,000
Foreign currency translation reserve		(19,552)	-
Accumulated losses		(1,837,012)	(1,232,723)
Total equity		243,436	67,277

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

QuickFee Group
Statement of changes in equity
For the year ended 30 June 2018

	Issued capital US$	Foreign currency translation reserve US$	Accumulated losses US$	Total equity US$
Balance at 1 July 2016	600,000	-	(373,144)	226,856
Loss after income tax expense for the year	-	-	(859,579)	(859,579)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(859,579)	(859,579)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 8)	700,000	-	-	700,000
Balance at 30 June 2017	1,300,000	-	(1,232,723)	67,277

	Issued capital US$	Foreign currency translation reserve US$	Accumulated losses US$	Total equity US$
Balance at 1 July 2017	1,300,000	-	(1,232,723)	67,277
Loss after income tax expense for the year	-	-	(604,289)	(604,289)
Other comprehensive income for the year, net of tax	-	(19,552)	-	(19,552)
Total comprehensive income for the year	-	(19,552)	(604,289)	(623,841)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 8)	800,000	-	-	800,000
Balance at 30 June 2018	2,100,000	(19,552)	(1,837,012)	243,436

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

QuickFee Group
Statement of cash flows
For the year ended 30 June 2018

	Note	Year-ended 30 Jun 2018 US$	Year-ended 30 Jun 2017 US$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		432,778	138,854
Payments to suppliers (inclusive of GST)		(1,675,011)	(1,203,283)
Finance costs paid		(164,596)	(65,726)
Net cash used in operating activities	16	(1,406,829)	(1,130,155)
Cash flows from investing activities			
Payments for plant and equipment		(2,751)	(2,028)
Net cash used in investing activities		(2,751)	(2,028)
Cash flows from financing activities			
Proceeds from issue of shares		300,000	700,000
Proceeds from borrowings		2,672,120	-
Net cash from financing activities		2,972,120	700,000
Net increase/(decrease) in cash and cash equivalents		1,562,540	(432,183)
Cash and cash equivalents at the beginning of the financial year		614,692	1,046,875
Cash and cash equivalents at the end of the financial year		2,177,232	614,692

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

Note 1. Significant accounting policies

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

The accounts are presented in United States dollars ("US$") which is the functional and presentation currency of the Combined Entity.

New or amended Accounting Standards and Interpretations adopted
The Combined Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

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

The adoption of these Accounting Standards and Interpretations will not have any significant impact on the financial performance or position of the Combined Entity.

The following Accounting Standards and Interpretations are most relevant to the Combined Entity:

IFRS 9 Financial Instruments
The Combined Entity has adopted IFRS 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available. The implementation of this standard will not have a material effect on the Combined Entity.

IFRS 15 Revenue from Contracts with Customers
The Combined Entity has adopted IFRS 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. The implementation of this standard will not have a material effect on the Combined Entity.

Note 1. Significant accounting policies (continued)

Basis of preparation
These general purpose financial statements have been prepared in accordance with International Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB'), as appropriate for for-profit oriented entities.

The combined financial statements comprise the financial statements of the separate legal entities QuickFee USA Limited, QuickFee Group LLC, QuickFee Inc, QuickFee GCI LLC and QuickFee Finance LLC at 30 June 2018. These entities are subject to common control through common Directors and shareholders and operate as a combined entity. These combined financial statements aggregate the financial information of each separate legal entity, eliminating inter-company transactions. For the purpose of these combined financial statements no single entity is identified as a parent entity for accounting purposes and accordingly these combined financial statements are not prepared under the consolidation principles as defined in AASB 10 – Consolidated Financial Statements.

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

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

Foreign currency translation
The financial statements are presented in United States dollars, which is QuickFee Group's functional and presentation currency.

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

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the Combined Entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

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

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

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

Note 1. Significant accounting policies (continued)

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

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

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

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

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Combined Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

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

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributed to loans and borrowings are capitalised as part of the asset and amortised over the life of the loan. All other finance costs are expensed in the period in which they are incurred.

Issued capital
Ordinary shares are classified as equity.

Note 1. Significant accounting policies (continued)

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.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

Note 2. Critical accounting judgements, estimates and assumptions

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

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

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

Classification of convertible note
Convertible notes entered into by the Combined Entity can either be classified as a liability or equity. Significant judgment is involved to determine the appropriate accounting treatment in the financial statements.

Note 3. Income tax benefit

The potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed. It is likely that the tax benefit will approximately the Combined Entity's accumulated losses multiplied by the applicable tax rate for the Combined Entity in the USA.

Note 4. Current assets - trade and other receivables

	30 Jun 2018 US$	30 Jun 2017 US$
Trade receivables	2,305,054	1,101,796
Other receivables	107,875	21,541
	2,412,929	1,123,337

Note 5. Current liabilities - borrowings

	30 Jun 2018 US$	30 Jun 2017 US$
HTI Management Pty Ltd loan	500,000	-
Convertible loans	1,141,672	-
	1,641,672	-

Refer to note 10 for further information on financial instruments.

A loan with a value of US$1,000,000 was entered into with HTI Management Pty Limited ("HTI") on 2 March 2016. The loan has a term of 39 months, is fully drawn and is not secured. Interest is charged at a fixed rate of 6% per annum. During the course of FY18 the Combined entity converted US$500,000 of the loan into shares following an amendment to the original agreement with HTT.

Convertible loan agreements were entered into between the Combined Entity and a number of parties raising a total of A$1,480,000 (US$1,141,672) on and around 30 June 2018. The loans will convert to equity at the earlier of the listing of the Combined Entity on the ASX or 6 months from when the convertible loan agreement was made. If the Combined Entity does not list within 5 months of draw down, the Combined Entity can repay the loan in cash at its discretion or convert the loan into shares at a price of $0.10. If the Combined Entity elects to repay the loan in cash a 10% coupon will be payable on the repayment date. Subsequent to 30 June 2018 a further A$120,000 was raised under the same terms as noted above.
The convertible loan has been classified as a liability as the loan has been issued in Australian dollars, which differs from the Combined Entity's presentation and functional currency of United States dollars. The ongoing value of the loan is therefore variable in nature.

Note 6. Current liabilities - Trade and other payables

	30 Jun 2018 US$	30 Jun 2017 US$
Trade payables	979,262	534,488
Other payables	104,759	131,825
	1,084,021	666,313

Note 7. Non-current liabilities - borrowings

	30 Jun 2018 US$	30 Jun 2017 US$
HTT Management Pty Ltd Loan	-	1,000,000
GCI Loan	1,550,000	-
	1,550,000	1,000,000

A Loan with face value of $1.5 million was entered into on 1 September 2017 and matures on 31 August 2019. The loan is secured over the assets of the Combined Entity. The loan accrues interest at 9% paid quarterly in arrears and has a limit of $5 million. Further drawdowns are at the lender's discretion. The loan does not have a conversion feature.

Note 8. Equity - issued capital

	30 Jun 2018 Shares	30 Jun 2017 Shares	30 Jun 2018 US$	30 Jun 2017 US$
Ordinary shares - fully paid	2,000,000	747,143	2,100,000	1,300,000

Movements in ordinary share capital

Details	Date	Shares	US$
Balance	1 July 2016	347,143	600,000
Issue of shares		400,000	700,000
Balance	30 June 2017	747,143	1,300,000
Issue of shares		1,252,857	800,000
Balance	30 June 2018	2,000,000	2,100,000

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

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

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

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

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

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

The capital risk management policy remains unchanged from prior year.

Note 9. Equity - dividends

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

Note 10. Financial instruments

Market risk

Foreign currency risk
The Combined Entity's functional and presentation currency is United States dollars. As such the Combined Entity is not exposed to any significant risk with respect to foreign exchange other than loans and borrowings issued in Australian dollars. A 5% movement in the foreign exchange rate between the Australian dollar and the United States dollar would change the carrying value of the loan by approximately US$51,000.

Price risk
The Combined Entity is not exposed to any significant price risk.

Interest rate risk
The Combined Entity is not exposed to interest rate risk as loans and borrowings and interest received as revenue from customers are set at fixed interest rates.

Credit risk
The Combined Entity is not exposed to any significant credit risk. The management of the Combined Entity perform full credit checks on any new customers signed up by the business. These checks are usually performed by third parties. If a debtor is not recoverable that has been sold to the Combined Entity this debt will be recovered from the customer in line with the contractual terms. At 30 June 2018 there are no debts which are outside their contractual terms. (30 June 2017: US$ nil)

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

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

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

30 Jun 2018	Weighted average interest rate %	1 year or less US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$	Remaining contractual maturities US$
Non-derivatives						
Non-interest bearing						
Trade receivables	-	2,412,929	-	-	-	2,412,929
Prepayments	-	38,577	-	-	-	38,577
Trade and other payables	-	(1,084,021)	-	-	-	(1,084,021)
Interest-bearing - fixed rate						
Other loans	8.30%	(500,000)	(1,550,000)	-	-	(2,050,000)
Convertible notes payable	10.00%	(1,141,672)	-	-	-	(1,141,672)
Total non-derivatives		(274,187)	(1,550,000)	-	-	(1,824,187)

Note 10. Financial instruments (continued)

30 Jun 2017	Weighted average interest rate %	1 year or less US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$	Remaining contractual maturities US$
Non-derivatives						
Non-interest bearing						
Trade receivables	-	1,123,337	-	-	-	1,123,337
Prepayments	-	48,796	-	-	-	48,796
Trade and other payables	-	(666,313)	-	-	-	(666,313)
Interest-bearing - fixed rate						
Other loans	6.00%	-	(1,000,000)	-	-	(1,000,000)
Total non-derivatives		505,820	(1,000,000)	-	-	(494,180)

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

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

Note 11. Key management personnel disclosures

Directors
No amounts were paid to the Directors of the Company during the year ended 30 June 2018.

Note 12. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by, the auditor of the Combined Entity:

	Year-ended 30 Jun 2018 US$	Year-ended 30 Jun 2017 US$
Audit services -		
Audit of the financial statements	21,094	8,680

Note 13. Contingent assets and liabilities

The Combined Entity does not have any contingent assets or liabilities at 30 June 2018.

Note 14. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 11.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

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

Note 14. Related party transactions (continued)

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 15. Events after the reporting period

The following matters have significantly affected the Combined Entity since 30 June 2018.

Convertible loan agreements were entered into between the Combined Entity and a number of parties raising a total of A$1,480,000 (US$1,141,672) on and around 30 June 2018. The loans will convert to equity at the earlier of the listing of the Combined Entity on the ASX or 6 months from when the convertible loan agreement was made. If the Combined Entity does not list within 5 months of draw down, the Combined Entity can repay the loan in cash at its discretion or convert the loan into shares at a price of $0.10. If the Combined Entity elects to repay the loan in cash a 10% coupon will be payable on the repayment date. Subsequent to 30 June 2018 a further A$120,000 was raised under the same terms as noted above.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Combined Entity's operations, the results of those operations, or the Combined Entity's state of affairs in future financial years.

Note 16. Reconciliation of loss after income tax to net cash used in operating activities

	Year-ended 30 Jun 2018 US$	Year-ended 30 Jun 2017 US$
Loss after income tax expense for the year	(604,289)	(859,579)
Adjustments for:		
Depreciation and amortisation	2,686	972
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,218,868)	(922,384)
Increase in prepayments	(60,825)	(48,476)
Increase in trade and other payables	418,028	649,934
Increase in unearned income	56,439	49,378
Net cash used in operating activities	(1,406,829)	(1,130,155)

QuickFee Group
Directors' declaration
30 June 2018

In the directors' opinion:

- the attached financial statements and notes comply with International Financial Reporting Standards and other mandatory professional reporting requirements as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Combined Entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Combined Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

On behalf of the directors



Bruce Coombes
Director
30 November 2018

QuickFee Group

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the QuickFee USA Limited, QuickFee Group LLC, QuickFee Inc, QuickFee GCI LLC and QuickFee Finance LLC known as the QuickFee Group, (the Group), which comprises the combined statement of financial position as at 30 June 2018, the combined statement of comprehensive income, the combined statement of changes in equity and the combined 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 2018 and of its financial performance for the year then ended; and
(ii) complying with International Financial Reporting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with International 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

CHARTERED ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

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Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Basis of preparation

We draw attention to Note 1 to the financial report which outlines the basis of preparation. The accompany financial report include the aggregated combined financial position as 30 June 2018 and the combined results of operations for the year then ended of five separate legal entities (QuickFee USA Limited, QuickFee Group LLC, QuickFee Inc, QuickFee GCI LLC and QuickFee Finance LLC) known as the QuickFee Group. Due to the effect of intercompany transactions, had separate financial reports been prepared for each of the legal entities, they would not necessarily be indicative of the results that would have occurred.

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 2018, 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 International Financial Reporting 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 International Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

William Buck

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

N. S. Benbow
Director

Melbourne, 30 November 2018