ACORNS GROW AUSTRALIA LIMITED

A.B.N. 26 604 402 815

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

ACORNS GROW AUSTRALIA LIMITED
A.B.N. 26 604 402 815

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

CONTENTS

Directors' Report	3
Auditor's Independence Declaration	6
Statement of Profit and Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	19
Auditors' Report	20

ACORNS GROW AUSTRALIA LIMITED
A.B.N. 26 604 402 815

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

DIRECTORS' REPORT

Your director presents their report on the company for the financial year ended 30 June 2017.

Director

The name of the directors in office at any time during or since the end of the year is:

Mr George S Lucas

Mr Anthony P Fay

Mr Walter Cruttenden

Mr Noah Kerner (Appointed 8 March 2017)

Directors has been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The loss of the company for the financial year after providing for income tax amounted to $2,110,846.

A review of the operations of the company during the year showed that the Company had a core trading operational loss $2,110,846.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the company during the financial year were to promote the financial product Acorns and assist in the modification of the software to meet Australian operational and regulatory standards.

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Year

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Information on Directors

Director	Experience and Number of Shares Held			Special Responsibilities
George S Lucas	Qualifications	-	BSc UNSW	Chairman and Managing Director
	Special Responsibilities Director/Key Person on AFS License	-	Managing	
	George Lucas has over 33 years of experience in the investment banking and funds management industries specialising in developing, managing and structuring financial products. George was previously a director of two listed investment trusts, the Chief Investment officer of Mariner Financial, the head of the London equity derivative trading and structuring department for First Chicago and the head trader of equity derivatives with Citibank in the United Kingdom.			
	Shares held nil			

DIRECTORS' REPORT

Peter Anthony (Tony) Fay	31 years experience in the Finance and Banking Industries. Shares held nil	Non-executive Director
Walter Cruttenden	Walter Cruttenden is a financial markets innovator, an active founder investor in growth companies that serve a social need - and passionate about history and astronomy. Shares held nil	Non-executive Director
Noah Kerner	Noah is current the Chief Executive Offier of Acorns Grow Inc. Noah co-founder and CEO of three companies in three different sectors; director, advisor and investor in various fast-growing startups; and currently CEO of Acorns Grow Inc. Shares held nil	
Jeffrey D Sippel	Jeff is currently the Chief Technology Officer of Acorns Grow Inc. Jeff has 18 years of experience building and implementing technology both in the US and globally. Shares held nil.	

None of the Company Directors held any Directorships in listed Companies during the past 4 years.

Joint Company Secretaries	
George S Lucas	Appointed 26 March 2016 Secretarial responsibilities.

Meetings of Directors

During the financial year, 4 meeting of directors was held. Attendances were:

	Number of Meetings Eligible to Attend	Number of Meetings Attended
George S Lucas	4	4
Tony Fay		
Walter Cruttenden	4	4
Jeffrey D Sippel	2	2
Noah Kerner	2	2

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Options

As at this date of this report, the issued ordinary shares of Acorns Grow Australia Limited under options are as follows:

Grant date	Date of expiry	Exercise price	Number under option
1/07/2015	1/07/2025	$29,750 per option	8

1/06/2016	1/6/2026	$60,000 per option	1
1/03/2017	1/3/2027	$231,000 per option	**6**
Total:			**15**

Indemnification of Officers

An Insurance premium was paid by Instreet Investment Limited on behalf of the company during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of the Company.

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

This directors' report is signed in accordance with a resolution of the Board of Directors:



Dated this: 30 October 2017

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

ACORNS GROW AUSTRALIA LIMITED
ABN 26 604 402 815

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ACORNS GROW AUSTRALIA LIMITED

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

SANDEEP KUMAR
Partner
Date: 30 October 2017

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ACORNS GROW AUSTRALIA LIMITED
A.B.N. 26 604 402 815

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Revenue		1,034,894	154,236
Compliance costs		(560,533)	(152,515)
Amortisation and depreciation expenses		(212,860)	(67,192)
Employee benefits expenses		(442,805)	(317,106)
Rental expenses		(100,800)	(79,800)
Consultancy expenses		(135,000)	(172,394)
Sales & Administration expenses		(1,511,551)	(885,509)
Share based payments expense		(34,547)	(74,473)
Other expenses		(375,800)	(126,204)
Loss before income tax		(2,339,002)	(1,720,957)
Income tax Benefit / (Expense)	2	228,156	(51,472)
Loss for the year		**(2,110,846)**	**(1,772,429)**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**(2,110,846)**	**(1,772,429)**

The accompanying notes form part of these financial statements

ACORNS GROW AUSTRALIA LIMITED
A.B.N. 26 604 402 815

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	3	16,820	14,855
Trade and other receivables	4	116,269	83,565
Financial assets	5	-	29,267
TOTAL CURRENT ASSETS		**133,089**	**127,687**
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	4,736	3,650
Intangible assets	7	1,109,677	687,342
TOTAL NON-CURRENT ASSETS		1,114,413	690,992
TOTAL ASSETS		**1,247,502**	**818,679**
CURRENT LIABILITIES			
Trade and other payables	8	615,271	441,438
Financial Liabilities	9	6,316	-
TOTAL CURRENT LIABILITIES		621,587	441,438
NON-CURRENT LIABILITIES			
Provisions	10	20,069	5,097
TOTAL NON-CURRENT LIABILITIES		20,069	5,097
TOTAL LIABILITIES		**641,656**	**446,535**
NET ASSETS		**605,846**	**372,144**
EQUITY			
Issued capital	11	4,500,200	2,190,200
Reserves		109,021	74,473
Retained earnings		(4,003,375)	(1,892,529)
TOTAL EQUITY		**605,846**	**372,144**

The accompanying notes form part of these financial statements

ACORNS GROW AUSTRALIA LIMITED
A.B.N. 26 604 402 815

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Note	Ordinary Shares $	C Class Shares $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2015		200	290,000	-	(120,100)	170,100
Issued Capital	11	-	1,900,000	-	-	1,900,000
Total comprehensive loss for the year	11	-	-	-	(1,772,429)	(1,772,429)
Share based payments		-	-	74,473	-	74,473
Balance at 30 June 2016		**200**	**2,190,000**	**74,473**	**(1,892,529)**	**372,144**
Balance at 1 July 2016		**200**	**2,190,000**	**74,473**	**(1,892,529)**	**372,144**
Issued Capital	11	1,000,000	1,310,000			2,310,000
Total comprehensive loss for the year	11	-	-	-	(2,110,846)	(2,110,846)
Share based payments		-	-	34,548	-	34,548
Balance at 30 June 2017		**1,000,200**	**3,500,000**	**109,021**	**(4,003,375)**	**605,846**

The accompanying notes form part of these financial statements

ACORNS GROW AUSTRALIA LIMITED
A.B.N. 26 604 402 815

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	30 June 2017	30 June 2016
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,002,190	70,671
Payments to suppliers and employees		(2,766,993)	(1,605,044)
Net cash used in operating activities	12	**(1,764,803)**	**(1,534,373)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant and Equipment		(2,502)	(4,152)
Payment for Licenses and Software		(633,779)	(596,857)
Net cash used by investing activities		**(636,281)**	**(601,009)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		2,403,049	2,148,564
Net cash provided from financing activities		**2,403,049**	**2,148,564**
Net increase in cash held		**1,965**	**13,182**
Cash and cash equivalents held at beginning of financial year		14,855	1,672
Cash at 30 June 2017	3	**16,820**	**14,855**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of the members.

The Company is a for-profit entity for financial reporting under Australian Accounting Standards.

The financial report covers the company of Acorns Grow Australia Limited, a non-listed public company, incorporated and domiciled in Australia.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the director has determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets and financial liabilities.

The financial statements were authorised for issue on 30 October 2017 by the directors of the company

Going Concern Basis

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

Notwithstanding the company incurred a net loss after income tax for the financial year ended 30 June 2017 of $2,110,846 and a net working capital deficiency of $488,498 as at 30 June 2017 , the directors believe that it is appropriate to prepare the financial report on a going concern basis because:

(i) The company is in its second year of operations.

(ii) The company continues to receive financial support from Instreet Investment Limited.

Accounting Policies

a. **Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting year. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future years in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b. **Intangible assets**

Licence

Brand and technology licences are recognised at cost. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Licences are amortised over their useful life of 5 years.

c. **Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

d. **Financial Assets**

Recognition

Financial assets are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Available-for-sale financial assets

All investments are classified as available-for-sale financial assets. Available-for-sale financial assets are reflected at fair value unless the fair value cannot be reliably measured. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

e. **Impairment of Assets**

At the end of each reporting year, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

f. **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting year. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. These cash flows are discounted using market yields on national government bond terms to maturity that match the expected timing of cash flows

g. **Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting year.

h. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i. **Revenue and Other Income**

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

All revenue is stated net of the amount of goods and services tax (GST).

j. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial postion are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

k. **Accounting Year**

The company's results reflects the period starting 1 July 2016 to 30 June 2017. Note that the company was incorporated on 6 March 2016 and therefore the financial report's comparative figures reflects the results from the date of incorporation to 30 June 2016.

l. **Critical Accounting Estimates and Judgments**

The director evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates

(i) Impairment

The company assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

m. **New Accounting Standards for Application in Future Years**

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impacts.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	$	$
NOTE 2: INCOME TAX BENEFIT		
Income tax benefit / (expense)	(228,156)	51,472
	(228,156)	**51,472**

NOTE 3: CASH AND CASH EQUIVALENTS	2017	2016
	$	$
Cash on hand	100	100
Cash at bank	16,720	14,755
	16,820	**14,855**

NOTE 4: TRADE AND OTHER RECEIVABLES	2017	2016
	$	$
Trade Receivables	113,161	45,169
Other Receivables	3,108	38,395
	116,269	**83,564**

NOTE 5: FINANCIAL ASSETS	2017	2016
	$	$
Financial Assets Held to Maturity	-	29,266
	-	**29,266**

NOTE 6: PROPERTY PLANT AND EQUIPMENT	2017	2016
	$	$
Computer Equipment at Cost	6,654	4,152
Less: Accumulated Depreciation	(1,918)	(502)
	4,736	**3,650**

NOTE 7: INTANGIBLE ASSETS	2017	2016
	$	$
Licences and software at cost	1,397,408	763,629
Less: Accumulated amortisation	(287,731)	(76,287)
Total Intangible Assets	**1,109,677**	**687,342**

Licenses represent brand and technology licences which were contributed by Acorns Grow Inc, a company incorporated in USA. These licences are amortised over a period of 5 years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 8: TRADE AND OTHER PAYABLES	2017	2016
	$	$
Trade creditors	251,931	158,583
Other creditors and accruals	731	13,295
Loan payable to Instreet Acorns Pty Ltd	362,609	269,560
	615,271	**441,438**

NOTE 9: FINANCIAL LIABILITIES	2017	2016
	$	$
Financial liabilities	6,316	-
	6,316	**-**

NOTE 10: PROVISIONS	2017	2016
	$	$
Annual leave entitlements	9,203	141
Long service leave entitlements	10,866	4,955
	20,069	**5,097**

NOTE 11: ISSUED CAPITAL	2017	2016
	$	$
210 (prior year: 200) fully paid ordinary shares of $1	1,000,200	200
3 (prior year: 290,000) C Class shares of $1	3,500,000	2,190,000
	4,500,200	**2,190,200**

During the year, Instreet Acorns Pty Ltd issued 1,900,000 C class shares to convert the loan from Acorns Grow Australia Limited to equity. The share is an instrument for accounting purposes to ensure the JV terms were met. The C class shares cannot vote and are entitled to no dividends or assets of the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12: CASH FLOW INFORMATION

	2017 $	2016 $
(a) Reconciliation of net cash used in operating activities to loss after income tax		
(Loss) after income tax	(2,110,846)	(1,772,429)
Non-cashflows in loss		
Amortisation and Depreciation	212,860	67,192
Share based payments	34,548	74,473
Increase / decrease in operating assets and liabilities		
(Increase) in Trade and other receivables	(32,704)	(83,565)
Decrease in Other Assets	-	13,003
Decrease in Deferred tax assets	-	51,472
Decrease / (increase) in Financial Assets	29,268	(29,267)
Increase in Trade and other payables	80,783	139,652
Increase in Financial Liabilites	6,316	-
Increase in Provisions for Employee Benefits	14,972	5,097
Net cash used in operating activities	**(1,764,803)**	**(1,534,373)**

NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

There were no circumstances that have arisen since 30 June 2017 that have significantly affected, or may significantly affect:

(a) The company's operations in the future financial years, or

(b) The result of those operations in future financial years, or

(c) The company's state of affairs in the future financial years.

NOTE 14: CONTINGENT LIABILITIES

There have been no contingent liabilities as at balance sheet date

NOTE 15: COMPANY DETAILS

The registered office and principal place of business of the company is:

Level 11
2 Bulletin Place
Sydney NSW 2000

ACORNS GROW AUSTRALIA LIMITED
A.B.N. 26 604 402 815

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

DIRECTORS' DECLARATION

The director of the company declares that:

1. The financial statements and notes, as set out on pages 7 to 18, present fairly the company's financial position as at 30 June 2017 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and

2. In the directors' opinion there are reasonable grounds to believe that the company 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.

Director 

Dated this 30 Day of October 2017

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

ACORNS GROW AUSTRALIA LIMITED
A.B.N 26 604 402 815

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
ACORNS GROW AUSTRALIA LIMITED

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the Acorns Grow Australia Limited (the company) which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Acorns Grow Australia Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards to the extent described in Note 1, and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 1 in the financial report which indicates that the company has incurred a net loss after tax of $2,110,846, net cash outflows from operating entities of $1,764,803 during the year ended 30 June 2017 and as of that date the company's current liabilities exceeded its current assets by $488,498. These conditions, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect to this matter

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 company 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, has been given to the directors of the company.

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

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ACORNS GROW AUSTRALIA LIMITED
A.B.N 26 604 402 815

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
ACORNS GROW AUSTRALIA LIMITED

Emphasis of Matter – Basis of Accounting

We draw attention to Note1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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 company's ability 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 company or to cease operations, or have 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

ACORNS GROW AUSTRALIA LIMITED
A.B.N 26 604 402 815

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
ACORNS GROW AUSTRALIA LIMITED

- 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 company'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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney, NSW 2000

SANDEEP KUMAR
Partner
Dated: 30 October 2017