

Bravura Solutions Holdings Pty Ltd
ACN 164 391 128

Financial Report
for the year ended 30 June 2016

Bravura Solutions Holdings Pty Ltd ACN 164 391 128
Financial report - 30 June 2016

Page

Contents

Directors' Report.....	3
Auditor's independence declaration.....	8
Consolidated statement of profit and loss and other comprehensive income	9
Consolidated statement of financial position.....	10
Consolidated statement of changes in equity	11
Consolidated statement of cash flows.....	12
Notes to the consolidated financial report.....	13
Directors' Declaration.....	52
Independent Auditor's Report	53

The financial statements were authorised for issue in accordance with a resolution of the Directors on 17 August 2016.

For personal use only

Directors' Report

The Directors present their report together with the financial report of the Consolidated Entity, comprising Bravura Solutions Holdings Pty Limited ("Bravura") and its controlled entities (together "the Consolidated Entity" or "the Group") for the year ended 30 June 2016 and the Auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Brian Mitchell	Chairman and Non-executive Director
Peter Mann	Independent Director, appointed on 22 December 2015
Neil Broekhuizen	Non-executive Director
Tony Klim	CEO and Managing Director
Martin Deda	CFO and Executive Director

Former Director

Edoardo Bigazzi	Non-executive Director, resigned on 21 July 2015
-----------------	--

Principal activities

The principal activities of the Consolidated Entity during the course of the current and prior periods consisted of the provision of professional consulting services and the development, licensing and maintenance of highly specialised administration and management software applications for the Funds Administration and Wealth Management sectors of the financial services industry.

Operating and Financial Review

Sales revenue for the year was \$184.7 million which included \$99.6 million from Wealth Management and \$85.1 million from Funds Administration. The financial period saw increasing activity which will continue to drive revenue for the business.

The Board maintained a steady focus on operating costs as a percentage of revenue with effort on expanding resources in low cost countries to assist in overall cost management and further improve client focus.

The Group continues to invest in research and development, to ensure our products meet market needs and are continuously updated with the latest requirements. The total spends during FY2016 focused on progressing the road map for Sonata was \$6.2 million (2015: \$10.9 million), of which \$4.0 million (2015: \$8.7 million) was capitalised as intangible assets.

Although the Group has a net current liability position of \$16.2 million, \$26.1 million of current liabilities relate to deferred revenue, which does not result in future cash outflows. The Board notes that the Consolidated Entity had a strong cash balance of \$29.1 million and positive cash flows from operating activities of \$28.3 million. The Group also has a negative net assets position of \$12.1 million. The Group has undrawn credit lines totalling \$4.3 million. Cash flow forecasts based on projected activity and business volumes indicate that the Group will be able to pay its creditors as and when they fall due for at least 12 months from the date of approval of the financial statements, and that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements as at 30 June 2016. Accordingly, these financial statements have been prepared on a going concern basis.

The loss for the Consolidated Entity after providing for income tax for the year ended 30 June 2016 amounted to \$6.5 million (2015: \$89.5 million).

As at 30 June 2016 Bravura employed 975 people (2015: 933 people) staffing 12 offices across Australia, New Zealand, Hong Kong, India, Poland, United Kingdom, and South Africa.

EBITDA and net earnings for the year adjusted for one-off and non-recurring items was as follows:

	Notes	2016 \$'000	2015 \$'000
Revenue from continuing operations	7	184,702	152,109
Employee benefits expense	8	(118,686)	(96,106)
Third party cost of sales		(15,786)	(15,434)
Travel and entertainment costs		(4,906)	(4,870)
Occupancy costs		(7,145)	(6,563)
Telecommunications costs		(7,021)	(5,785)
Research and development		(2,146)	(2,228)
Other expenses (excluding non-recurring)		(4,010)	(3,649)
Underlying EBITDA		25,002	17,474
Depreciation and amortisation expense		(8,315)	(13,484)
Underlying EBIT		16,687	3,990
Finance costs		(11,685)	(5,428)
Foreign exchange loss		(3,635)	(3,583)
Underlying profit/(loss) before income tax		1,367	(5,021)
Onerous contract provision		(3,382)	-
Other non-recurring expenses		(2,810)	(436)
Impairment expense		-	(80,685)
Income Tax expense		(1,638)	(3,343)
Loss from continuing operations		(6,463)	(89,485)

Dividends

During the reporting period, the Directors did not pay any dividend (2015: nil). There have been no dividends declared or proposed during the financial year and up to the date of this report.

Events subsequent to reporting date

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations or the state of affairs of the Consolidated Entity in future financial years.

Likely developments and prospects

Bravura will continue to focus on accelerating the adoption of Sonata as wealth management and life insurance application of choice in both EMEA and APAC while expanding its managed services model in APAC. Enhanced strategic relationships with existing clients are key with a focus on regulatory changes and product enhancements where required.

Environmental Regulation

The Consolidated Entity is not subject to any significant environmental regulation under the laws of the Commonwealth, States or other territories.

Information on Directors

Brian Mitchell CPM FAICD FAMI AFAIM
Chairman and Non-executive Director.

Brian Mitchell is a senior executive with over 30 years' experience in the IT industry with broad experience in the hardware, software and service sectors. His experience has been gained from working in the United Kingdom, Australia, Asia Pacific and the United States of America. Brian has significant experience in Business Development, Marketing, Sales, and Executive Management.

Most recently Brian was Senior Vice President, Oracle Asia Pacific, responsible for growing Oracle's expanding software and services activities throughout Asia Pacific. His responsibilities included managing overall operations in the region, including leading Oracle's expanding Technology, and Applications software businesses. Previously Brian held the position of Managing Director, Oracle Australia and New Zealand from December 2000 until September 2004.

Brian has held various other senior management roles with organizations such as IBM Corporation, BIS Banking Systems and Digital Equipment Corporation. Brian is a former Director of UXC Limited, and OntheHouse Holdings Limited. He is currently Chairman of OtherLevels Holdings Limited and Messmo Holdings Pty Limited.

Brian is a Certified Practising Marketer, a Fellow of the Australian Institute of Company Directors, a Fellow of the Australian Marketing Institute, and an Associate Fellow of the Australian Institute of Management.

Peter Mann
Independent Director

Peter Mann is a respected business leader with more than 30 years' experience in the financial services industry. Prior to joining Bravura Solutions as an Independent Non-Executive Director, Peter was Vice Chairman of Old Mutual Group, where he spent a total of 12 years and oversaw a period of exceptional growth and achievement.

Peter's time with the Old Mutual Group included 6 years as CEO of Skandia, one of the UK's largest retail platforms, which was acquired by Old Mutual in 2006. Under Peter's leadership, Skandia grew to become the largest retail platform in the UK, with £60 billion in assets under management.

Prior to this Peter was CEO of Bankhall, a leading supplier of support services to financial advisers. Bankhall was acquired by Skandia in 2001. As CEO at Bankhall, Peter drove significant revenue and profit growth, implementing new services for existing members across multiple business lines. He was an active panel member of the Association of Independent Financial Advisors, lobbying the Financial Services Authority, ombudsman, product providers and other market participants on behalf of Bankhall members.

In addition to being a Non-Executive Director at Bravura Solutions, Peter is also Chairman of an IT consulting and Transformation Company, and Chairman of a firm focused on distribution and Funds administration businesses.

Neil Broekhuizen CA, B.Sc. (Eng) Hons
Non-executive Director

Neil Broekhuizen has over 20 years' experience in the finance industry including the last 15 years in private equity with Investcorp and Bridgepoint in Europe and with Gresham Private Equity and Ironbridge in Australia.

Since co-founding Ironbridge in 2003, Neil has helped grow the business into a leading Australasian Private Equity manager with funds under management of A\$1.5 billion.

Neil is a qualified Chartered Accountant and holds a BSc (Eng) Honours degree from Imperial College, University of London, where he read electronic engineering.

Tony Klim B.Sc. (Physics Hons)
CEO and Managing Director

Tony Klim has over 30 years of experience in international financial services and has held a number of executive and board positions with private and listed companies focused on technology and outsourcing in support of the international financial services market. He has extensive experience in M&A, and in his previous role he sponsored the acquisition of the UK's leading financial intermediary portal, the Exchange. Over the years, he has been instrumental in the development of new products and services targeted at the independent financial advisor community.

Prior to joining Bravura in February 2008 as the CEO for Europe, Middle East and Africa (EMEA), Tony was a strategic consultant in the financial services sector. He has specialised in high growth businesses, and is a pioneer in internet banking and payment systems. His track record includes a number of strategic advisory and management roles for major international banks, life companies and technology businesses.

Tony has a Bachelor of Science, Honours, in Physics from the University of Manchester.

Martin Deda BSc, MBA, FCPA, GAICD
CFO and Executive Director

Martin Deda has over 20 years' experience in senior finance and operational roles, predominantly within the IT and professional services industry sectors.

Throughout his career, Martin has added significant value to the private and public companies he has worked for across Australia, Asia, UK, Continental Europe and the US, improving business profitability and deriving value from M&A transactions. He has extensive experience in financial and management accounting and reporting, tax, treasury, commercial, M&A and bid & contract management, investor relations, company secretarial, facilities management, IT infrastructure, applications and support and shared services.

Prior to joining Bravura Solutions in September 2014, Martin was the Chief Operating Officer/ Chief Financial Officer for top tier law firm Minter Ellison. He previously held C-level positions at ASX200 listed global healthcare IT provider, iSOFT Ltd and CSC for Central and Eastern Europe. He has also held senior finance and operations roles at TNT and Storage Tek in EMEA.

Martin holds a MBA from the University of Sydney, and a BSc (Mathematics, Nuclear & Radiation Chemistry) from the University of New South Wales. He is a Fellow, Certified Practicing Accountant and Graduate of the Australian Institute of Company Directors.

Insurance of Directors and Officers

During the financial year, Bravura paid a premium in respect of a contract to insure the Directors of Bravura against a liability as such a Director to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Proceedings on behalf of Bravura

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

Non-audit services

Details of amounts paid or payable to the Auditors for non-audit services provided during the year by Ernst & Young are outlined in Note 38 in the financial report.

The Directors are of the opinion that the provision of non-audit services as disclosed in Note 38 in the financial report does not compromise the external auditor's independence as outlined in the Corporation Act 2001 for the following reasons:

- Non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee.
- Non-audit services provided do not under-mine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's independence declaration under Section 307C of the Corporations Act 2001

The Auditor's independence declaration is set out on page 8 and forms part of the Director's Report for the year ended 30 June 2016.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors Ernst & Young, as part of the terms of its audit engagement agreement against claims made by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Rounding-off

Bravura is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2015, and consequently the amounts in this report have been rounded off to the nearest thousand dollars.

This report is issued in accordance with a resolution of the Directors.



Brian Mitchell
Chairman and Non-Executive Director

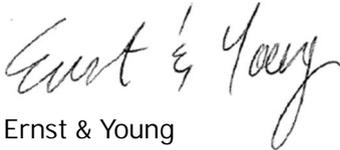
Sydney
17 August 2016

Auditor's Independence Declaration to the Directors of Bravura Solutions Holdings Pty Ltd

As lead auditor for the audit of Bravura Solutions Holdings Pty Ltd for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Bravura Solutions Holdings Pty Ltd and the entities it controlled during the financial year.



Ernst & Young



P. S. Barnard
Partner
17 August 2016

For personal use only

Bravura Solutions Holdings Pty Ltd
Consolidated statement of profit and loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Revenue from continuing operations	7	184,702	152,109
Employee benefits expense	8	(119,386)	(96,106)
Depreciation, amortisation and impairment expense	8	(8,315)	(94,169)
Third party cost of sales		(15,786)	(15,434)
Travel and entertainment costs		(4,906)	(4,870)
Occupancy costs		(7,145)	(6,563)
Telecommunications costs		(7,021)	(5,785)
Research and development		(2,146)	(2,228)
Onerous contract	25	(3,382)	-
Other expenses		(6,120)	(4,085)
Foreign exchange loss		(3,635)	(3,583)
Finance costs	8	(11,685)	(5,428)
Loss before income tax		(4,825)	(86,142)
Income tax expense	9	(1,638)	(3,343)
Loss from continuing operations		(6,463)	(89,485)
Other comprehensive income will be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences on translation of foreign operations	28(a)	6,532	(100)
Total comprehensive profit/(loss) for the year		69	(89,585)
Loss is attributable to:			
Owners of Bravura Solutions Holdings Pty Ltd	28(b)	(6,463)	(89,485)
Total comprehensive profit/(loss) for the year attributable to:			
Owners of Bravura Solutions Holdings Pty Ltd		(6,463)	(89,485)
Earnings per share attributable to the ordinary equity holders of Bravura Solutions Holdings Pty Ltd:			
Basic and diluted loss per share		(0.20)	(2.79)

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

Bravura Solutions Holdings Pty Ltd
Consolidated statement of financial position
As at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	10	29,113	18,882
Trade and other receivables	11	18,852	26,611
Current tax asset	12	101	-
Other current assets	13	4,976	3,218
Total current assets		<u>53,042</u>	<u>48,711</u>
Non-current assets			
Receivables	14	2,778	-
Other financial asset	3.1	7	193
Property, plant and equipment	15	10,877	12,263
Deferred tax assets	16	1,462	1,124
Intangible assets	17	105,652	104,527
Total non-current assets		<u>120,776</u>	<u>118,107</u>
Total assets		<u>173,818</u>	<u>166,818</u>
LIABILITIES			
Current liabilities			
Trade and other payables	18	7,608	13,098
Borrowings	19	11,968	13,182
Provisions	20	8,963	6,511
Provisions for income Tax		-	177
Deferred revenue	21	26,081	22,075
Other financial liability	3.2	181	197
Other current liabilities	22	14,429	5,534
Total current liabilities		<u>69,230</u>	<u>60,774</u>
Non-current liabilities			
Borrowings	23	49,884	60,065
Redeemable preference shares	3.2	59,680	52,332
Deferred tax liabilities	24	2,604	2,495
Provisions	25	4,473	2,736
Other non-current liabilities	26	-	538
Total non-current liabilities		<u>116,641</u>	<u>118,166</u>
Total liabilities		<u>185,871</u>	<u>178,940</u>
Net assets/(liabilities)		<u>(12,053)</u>	<u>(12,122)</u>
EQUITY			
Contributed equity	27	84,560	84,560
Reserves	28(a)	6,880	348
Accumulated losses	28(b)	(103,493)	(97,030)
Total equity/(deficiency)		<u>(12,053)</u>	<u>(12,122)</u>

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

Bravura Solutions Holdings Pty Ltd
Consolidated statement of changes in equity
For the year ended 30 June 2016

Notes	Contributed equity \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total equity/(deficiency) \$'000
Balance at 1 July 2014	83,930	448	(7,545)	76,833
Loss for the period	28(b) -	-	(89,485)	(89,485)
Other comprehensive loss	28(a) -	(100)	-	(100)
Total comprehensive loss for the period	-	(100)	(89,485)	(89,585)
Transactions with owners in their capacity as owners:				
Issue of shares	27(b) 630	-	-	630
Balance at 30 June 2015	<u>84,560</u>	<u>348</u>	<u>(97,030)</u>	<u>(12,122)</u>
Balance at 1 July 2015	84,560	348	(97,030)	(12,122)
Loss for the year	28(b) -	-	(6,463)	(6,463)
Other comprehensive income	28(a) -	6,532	-	6,532
Total comprehensive income/(loss) for the year	-	6,532	(6,463)	69
Balance at 30 June 2016	<u>84,560</u>	<u>6,880</u>	<u>(103,493)</u>	<u>(12,053)</u>

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

Bravura Solutions Holdings Pty Ltd
Consolidated statement of cash flows
For the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		220,094	174,629
Payments to suppliers and employees (inclusive of goods and services tax)		(190,093)	(150,648)
		30,001	23,981
Interest received	7	25	20
Income taxes paid		(1,742)	(469)
Net cash inflow from operating activities	35	28,284	23,532
Cash flows from investing activities			
Payments for property, plant and equipment	15	(3,125)	(2,894)
Payments for capitalised software development	17	(4,039)	(8,765)
Net cash outflow from investing activities		(7,164)	(11,659)
Cash flows from financing activities			
Proceeds from share issue	27(b)	-	500
Interest and other finance costs paid		(3,748)	(3,884)
Lease payments		(1,092)	(3,801)
Proceeds from borrowings		8,087	8,801
Repayment of borrowings		(13,959)	(13,618)
Net cash outflow from financing activities		(10,712)	(12,002)
Net increase/(decrease) in cash and cash equivalents		10,408	(129)
Cash and cash equivalents at the beginning of the financial year		18,882	18,425
Effects of exchange rate changes on cash and cash equivalents		(177)	586
Cash and cash equivalents at end of year	10	29,113	18,882

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

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Consolidated Entity consisting of Bravura and its subsidiaries.

The Financial Report was authorised for issue on 17 August 2016 by the Board of Directors.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

(i) Compliance with IFRS

The consolidated financial statements of the Consolidated Entity comply with International Financial reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by financial assets and liabilities at fair value through profit or loss.

(iii) Critical accounting estimates

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

(iv) Comparatives

The Consolidated Entity has made reclassifications in prior year comparatives in order to align with the presentation in this financial report. In particular, in the Consolidated statement of cash flows the Consolidated Entity has reclassified interest paid from operating activities to financing activities.

(b) Going Concern

The Consolidated Entity has net current liabilities of \$16.2 million, \$26.1 million of current liabilities relate to deferred revenue, which does not result in future cash outflows. The Board notes that the Consolidated Entity had a strong cash balance of \$29.1 million and positive cash flows from operating activities of \$28.3 million. The Consolidated Entity also has a negative net assets position of \$12.1 million. The Consolidated Entity has undrawn credit lines totalling \$4.3 million. Cash flow forecasts based on projected activity and business volumes indicate that the Consolidated Entity will be able to pay its creditors as and when they fall due for at least 12 months from the date of approval of the financial statements, and that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements as at 30 June 2016. Accordingly, these financial statements have been prepared on a going concern basis and no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of the liabilities.

(c) Basis of consolidation

The Consolidated financial statements comprise the financial statements of Bravura Solutions Holdings Pty Ltd ("Company" or "parent entity") and its subsidiaries ("the Group") as at 30 June 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

1 Summary of significant accounting policies (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation unless the transaction provides evidence of the impairment of that asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated statement of profit and loss and other comprehensive Income and Consolidated statement of financial position respectively.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the consolidated 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 dollars, which is Bravura's functional and presentation currency.

Each entity in the Consolidated Entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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.

The functional currencies of the overseas subsidiaries are as follows:

- a) Bravura Solutions (NZ) Ltd – New Zealand dollars (NZ\$)
- b) Bravura Solutions (UK) Holdings Ltd – Australian dollars (AU\$)
- c) Bravura Solutions (UK) Investments Ltd – British pounds (UK£)
- d) Bravura Solutions (UK) Ltd – British pounds (UK£)
- e) Bravura Solutions (HK) Ltd – United States dollars (US\$)
- f) Bravura Solutions Luxembourg Holdings S.à.r.l. – Euro (€)
- g) Bravura Software Solutions (SA) (Proprietary) Ltd – South African Rand (ZAR)
- h) Bravura Solutions (Poland) Holdings S.P. ZOO – Zloty (PLN)
- i) Bravura Solutions Polska Sp. Z OO – Zloty (PLN)
- j) Mutual Fund Technologies Ltd – British pounds (UK£)
- k) Bravura Solutions Services (UK) Ltd – British pounds (UK£)
- l) Bravura Solutions (Thailand) Company Ltd – Thai Baht (THB)
- m) Bravura Solutions India Private Ltd – Indian Rupee (INR)

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Bravura at the rate of exchange ruling at the balance sheet date and revenues, expenses and other comprehensive income are translated at the average exchange rates for the period.

The exchange differences arising on the re-translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Consolidated statement of profit and loss and other comprehensive income.

1 Summary of significant accounting policies (continued)

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Consolidated Entity derives its revenues from the licence of its software products and of support, consulting, development, training and other professional services. The vast majority of its software arrangements include support services and a few also include professional services.

The Consolidated Entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Consolidated Entity's activities as described below. The Consolidated Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Licence fees

Provided that the arrangement does not involve significant production, modification, or customisation of the software, the Consolidated Entity recognises the revenue when all of the following four criteria have been met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred;
- The fee is fixed or determinable; and
- Collectability is probable.

Licence fees recognised upfront are recognised at the present value of the related future contractual revenue streams, discounted at the discount rate applicable to the debtor which is approximate to Bravura's incremental borrowing rate, with the discount being unwound through profit and loss over the period of the agreements and presented as interest income. Term licences are ratably recognised over the term of the arrangement, unless the full licence fee has been paid upfront.

(ii) Maintenance and support fees

Maintenance and support revenue is recognised on a straight line basis over the period of the contract.

(iii) Professional services fees

Revenue is recognised over the period when services is provided.

In the case of fixed agreements and where the contract outcome can be reliably measured, revenue is recognised by reference to the stage of completion of the contract at the reporting date. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

(iv) Revenue recognition on multiple-element arrangements

Arrangements usually provide licence for software products and services such as post-contract customer support. Revenue is allocated to each element based on its respective fair value, based on the cost to deliver the services plus an acceptable margin. Refer to note 2(a) for basis of calculation.

(v) Deferred revenue

Fees for services received in advance are recorded as a liability within deferred revenue on the Consolidated statement of financial position and these amounts are amortised to profit or loss over the relevant period of the contract which is in line with the provision of the services.

(vi) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Consolidated Entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(vii) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(viii) Other revenue

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

1 Summary of significant accounting policies (continued)

(f) Income tax

The income tax expense or revenue 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.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured 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 (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Tax consolidation legislation

Certain Australian entities in the Group formed a tax consolidated group in Australia from 10 October 2013. The tax consolidated group's current tax expense and other deferred tax assets are required to be allocated to the members of the Australian tax consolidated group in accordance with UIG 1052. The Consolidated Entity uses a group allocation method for this purpose where the allocated current tax payable, current tax loss, deferred tax assets and other tax credits for each Australian member of the tax consolidated group is determined as if the Australian Group is a stand-alone tax payer but modified as necessary to recognise membership of a tax consolidated group. Recognition of amounts allocated to members the tax consolidated group has regard to the tax consolidated group's future taxable profits.

(g) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs.

The leased asset is depreciated on a straight-line basis over the term of the lease, or where it is likely that the Consolidated Entity will obtain ownership of the asset, it is depreciated over the life of the asset.

1 Summary of significant accounting policies (continued)

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Consolidated Entity. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Consolidated Entity recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Consolidated Entity's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(i) Impairment of assets

Goodwill and 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 assets are tested 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired, or more frequently if events or changes in circumstances indicate that they might be impaired. Where an indicator exists, the Consolidated Entity makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered to be impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Non-financial assets other than goodwill that suffer impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(j) Cash and cash equivalents

For the purpose of presentation in the Consolidated statement of cash flows, cash and cash equivalents include 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 statement of financial position.

1 Summary of significant accounting policies (continued)

(k) Trade receivables

Trade receivables are carried at the original invoice amount, less provision for impairment. Trade receivables are generally due for settlement within 30 to 90 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Consolidated 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 re-organisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Receivables from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

(l) Investments and other financial assets

Classification

The Consolidated Entity classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 11) and receivables in the Consolidated Statement of Financial Position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Consolidated Entity's management has the positive intention and ability to hold to maturity. If the Consolidated Entity were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Financial assets – re-classification

The Consolidated Entity may choose to re-classify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be re-classified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Consolidated Entity may choose to re-classify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Consolidated Entity has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of re-classification.

1 Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade date, the date on which the Consolidated Entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or losses are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are re-classified to profit or loss as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Consolidated Entity's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 4.

Impairment

The Consolidated Entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is re-classified from equity and recognised in the profit or loss as a re-classification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available for sale are not reversed through profit or loss.

If there is evidence of impairment for any of the Consolidated Entity's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

(m) Derivatives

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Consolidated Entity designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- Hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- Hedges of a net investment in a foreign operation (net investment hedges).

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss. Per note 3, the Group does not apply hedge accounting. Derivatives are carried as financial assets when the fair value is positive and financial liabilities when the fair value is negative.

1 Summary of significant accounting policies (continued)

(n) Redeemable Preference Shares

Redeemable preference shares are separated into liability and equity components based on the terms of the contract. On issuance of the redeemable preference shares, the fair value of the liability component (where there is a contractual obligation to transfer cash to the holder of the share) is determined using a market rate for an equivalent non-redeemable instrument. The amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on redemption.

The remainder of the proceeds is recognised in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the equity component is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the redeemable preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

(o) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or related parties are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(p) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the lease term or as follows:

Plant and equipment	20% to 33%
Furniture and fittings	20%
Leasehold improvements	Term of lease
Hosting plant and equipment	20%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Please refer to note 1(i).

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are included in profit or loss.

(q) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Consolidated Entity's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

(ii) Business contracts and relationships

Business contracts and relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of between two and ten years.

1 Summary of significant accounting policies (continued)

(q) Intangible assets (continued)

(iii) Intellectual property and software development

Intellectual property and software development are capitalised as an asset and are amortised on a straight-line basis over the period of their expected benefit, being their finite life of five to fifteen years.

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Consolidated Entity can demonstrate the following: technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete and the ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project date.

Technological feasibility for software products is reached shortly before the products are released for commercial sale to customers. Development costs incurred after technological feasibility is established are capitalised. Research costs are expensed when incurred.

(r) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(s) 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 in accordance with the effective interest rate method of the facility to which it relates.

(t) Borrowing costs

Borrowing costs are expensed as incurred, except where they are directly attributable to the acquisition, contribution or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. The Consolidated Entity does not currently hold qualifying assets.

(u) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made regarding the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contract provisions are recognised for losses on contracts where the forecast costs of fulfilling the contract throughout the contract period exceed the forecast income receivable. The provision is calculated based on discounted cash flows to the end of the contract.

(v) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

1 Summary of significant accounting policies (continued)

(v) Employee benefits (continued)

(ii) Other long-term employee benefit obligations

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

(w) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(x) 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 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 taxation authority, are presented as operating cash flows.

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

(y) Fair value measurement

AASB13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB7 *Financial Instruments: Disclosures*. These changes have no significant impact on the Consolidated Entity's disclosures as the carrying amount of the assets and liabilities are a reasonable approximation of their fair value.

In accordance with the transitional provisions of AASB13 the Consolidated Entity has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the Consolidated Entity's assets and liabilities.

(z) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

There are no inter-segment transactions. Corporate charges are expensed after the segment profit is measured.

(aa) Rounding of amounts

The Consolidated Entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2015, and consequently the amounts in this report have been rounded off to the nearest thousand dollars.

1 Summary of significant accounting policies (continued)

(ab) New and amended standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Consolidated Entity. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out in the following page.

AASB 9 Financial Instruments

This standard includes requirements to simplify the approach for the classification and measurement of financial instruments. This is not expected to materially impact the Group's financial statements.

AASB 15 Revenue from Contracts with Customers

This new standard, effective FY2019, establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Management is currently in the process of assessing the impact of this new standard on the Group's financial statements.

AASB 16 Leases

This new standard, effective FY2020, establishes the enhanced reporting requirements of the lessee and lessor when entering into Leases, which will require operating leases to be recorded on Balance Sheet. This change will impact the classification of certain expenses in the Income Statement such as rental expense, interest expense and amortisation. Consequently, non-IFRS measures such as EBIT and EBITDA will be impacted. Management is in the process of assessing the impact of this change.

(ac) Parent Entity financial information

The financial information for the parent entity of *Bravura* is disclosed in note 37 and has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) *Investments in subsidiaries, associates and joint venture entities*

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Bravura. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) *Tax consolidation legislation*

The Group have adopted and complied with the tax consolidation legislation.

The head entity, Bravura Solutions Holdings Pty Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

(iii) *Financial guarantees*

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and 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.

(a) Critical accounting estimates and assumptions

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Estimated impairment of goodwill and intangibles within definite useful life*

The Consolidated Entity determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

(ii) *Taxes*

Deferred tax assets are recognised for deductible temporary differences and tax losses to the extent that it is probable that future taxable profits will be available to utilise those temporary differences and tax losses. Significant judgment is required by management to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

(iii) *Long service leave provision*

A provision has been made for the present value of the anticipated costs to meet the Consolidated Entity's long service leave liabilities under Australian federal and state laws. The calculation of this provision requires assumptions such as an estimation of the probability that an employee will remain with the consolidate entity until they reach the entitlement period. The probability factors applied to pro-rated entitlements are based on company and industry specific data. Adjustments are made to these probabilities when considered necessary

(iv) *Revenue recognition for multiple element arrangements*

The Consolidated Entity has arrangements that provide licence for software products and services such as post-contract customer support. Revenue is allocated to each element based on its respective fair value, based on the cost to deliver the services plus an acceptable margin. This estimation is based on management's assessment of fair value.

The Consolidated Entity determines the amount of revenue to be recognised on project in progress based on the estimated amount of work completed in relation to the projects. This estimation is based on management's assessment of costs incurred as well as an estimation of the percentage of the project completed.

(v) *Onerous contracts*

The Consolidated Entity determines the amount of any onerous contract provision by estimating the costs of fulfilling a contract which include all directly attributable costs that are unavoidable under the terms of the contract.

(b) Critical judgments in applying the entity's accounting policies

Useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as average length of customer contracts and specific industry technology factors for intangible assets, manufacturers' warranties (for plant and equipment) and lease terms (for leased equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Litigation and claims

The Consolidated Entity continually monitors ongoing and potential litigation and claims and assesses whether there is any present obligation (legal or constructive) as a result of a past event which would give rise to a probable outflow of economic benefits in order to settle the obligation and whether a reliable estimate can be made of the amount of the obligation. Factors considered by the Consolidated Entity with regard to potential or ongoing litigation include a probability assessment carried out in consultation with legal advisors. Based on advice received and status of the situation at the time of finalising the financial statements provisions will be made accordingly. Where conditions requiring a provision are not met, no such provision will be recognised by the Consolidated Entity.

Where the possibility of any outflow in any settlement is contingent upon one or more conditions being met, judgement is applied to determine the estimated financial impact of any settlement and whether the possibility of outflow is remote. Where the possibility of outflow is remote, no disclosure of any contingent liability has been made.

3 Financial assets and financial liabilities

3.1 Financial assets

	2016 \$'000	2015 \$'000
Cash and cash equivalents	29,113	18,882
Trade and other receivables	18,852	26,611
Receivables	2,778	-
Derivative asset	7	193
	50,750	45,686

Cash and receivables are non-derivative financial assets carried at cost which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of counterparties.

Derivative asset

The Group has an interest rate cap agreement with a notional amount of £20,737,396 or \$37,441,369 (2015: £19,611,932 or \$40,114,245) whereby the Group pays a variable rate of interest GBP-LIBOR-BBA on the notional amount which is capped under the transaction at 1%. Derivatives are recorded in the statement of financial position at fair value with any changes in fair value reported in profit or loss. The instrument expires on 30 September 2017.

3.2 Financial liabilities

	2016 \$'000	2015 \$'000
Borrowings	61,852	73,247
Redeemable preference shares	59,680	52,332
Interest rate swap	181	197
	121,713	125,776
Other financial liabilities (non-interest bearing)		
Trade and other payables	7,608	13,098
	129,321	138,874

Secured bank borrowings

The Group has a multicurrency facility agreement with the Commonwealth Bank of Australia (CBA), which expires on 30 September 2017. The loan facility is secured with a fixed and floating charge over certain assets of the Group.

Interest rate swap

At 30 June 2016, the Group had an interest rate swap agreement in place with a notional amount of \$ 8,761,588 whereby the Group pays a fixed rate of interest of 2.01 % and receives interest at a variable rate equal to AUD-BBR-BBSY (BID) on the notional amount. The swap is being used to hedge the exposure to changes in the future cash flows of its notional debt.

Derivatives are recorded in the statement of financial position at fair value with any changes in fair value reported in profit or loss. The movement in fair value of the interest rate swap of \$16,000 (2015:\$51,000) has been recognised in the income statement. The derivative financial instruments swap floating facility interest for fixed rate interest payments in line with the terms of the multicurrency facility agreement with CBA. The instrument expires on 30 September 2017.

Redeemable preference shares

At 30 June 2016 there were 52,332,281 redeemable preference shares on issue, owned by funds managed and advised by Ironbridge Capital Holdings Pty Ltd. 40,291,224 redeemable preference shares were issued on 10 October 2013 in raising initial capital of Bravura and 12,041,057 redeemable preference shares were issued on 11 February 2015 on the conversion of existing debt. Each share has a par value of \$1 and is mandatorily redeemable by the shareholders five years from the date of issue or at an exit event. The redeemable preference shareholders are entitled to receive interest at a rate of 14% per annum which will accrue effective from 1 July 2015 and is payable on redemption. The redeemable preference shares are accounted for in accordance with the accounting policy set out in note 1(n). The preference shares rank ahead of the ordinary shares in the event of a liquidation. The interest accrued amounts to \$7,349,000 (2015: \$nil) and the carrying value is \$59,680,000 (2015: \$52,332,000).

3 Financial assets and financial liabilities (continued)

3.3 Financial instruments risk management objectives and policies

The Consolidated Entity's activities expose it to a following risks arising from the financial instruments:

- credit risk;
- market risk (including foreign currency risk and interest rate risk); and
- liquidity risk.

i. Risk management framework:

The Consolidated Entity's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The senior management team provides written principles for overall risk management, as well as policies addressing specific areas such as currency risk management, interest rate risk management and the related use of derivative financial instruments. The Consolidated Entity uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, that is, not as trading or other speculative instruments. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk.

ii. Credit risk

Credit risk is managed on a Consolidated Entity basis. Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has a strict code of credit and risk controls that assess the credit quality of the customer.

Credit risk is considered limited for current receivables at the reporting date, based on the nature and payment history of the Consolidated Entity's customers.

Credit risk exists for non-current receivables at the reporting date. The Consolidated Entity manages this risk through regularly assessing the credit quality of customers. There has not been any impairment of non-current receivables during the year ended 30 June 2016 (2015: \$nil).

The Consolidated Entity's maximum exposure to credit risk at balance date for the recognised financial assets is the carrying amount.

At 30 June 2016, the ageing of current and non-current trade receivables that were not impaired was as follows:

	2016 \$'000	2015 \$'000
Neither past due nor impaired	15,809	20,486
Past due 1-30 days	505	201
Past due 31-90 days	52	-
Past due 91+ days	435	334
	16,801	21,021

iii. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

3 Financial assets and financial liabilities (continued)

a) *Foreign exchange risk*

Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The Group's Statement of financial position is affected by movements in the relevant currency exchange rate when converting these into Australian dollars (the Consolidated Entity's presentation currency) for consolidation purposes.

The carrying amount of the Consolidated Entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Australian \$	Pound Sterling	New Zealand \$
2016 – \$'000			
Financial assets	2,122	11,780	10
Financial liabilities	-	7,967	9,481
	Australian \$	Pound Sterling	New Zealand \$
2015 - \$'000			
Financial assets	7,495	6,402	98
Financial liabilities	-	-	3,945

The following significant exchange rates have been applied during the year:

\$	Average rate		Year-end spot rate	
	2016	2015	2016	2015
New Zealand Dollar	0.9180	0.9314	0.9561	0.8836
Pound Sterling	2.0402	1.8890	1.8055	2.0454
US Dollar	1.3741	1.2022	1.3479	1.3006
Euro	1.5250	1.4377	1.4938	1.4543
South African Rand	0.0954	0.1049	0.0896	0.1063
Polish Zloty	0.3553	0.3453	0.3373	0.3468
Hong Kong Dollar	0.1737	0.1550	0.1770	0.1677
Indian Rupee	0.0207	0.0194	0.0198	0.0204

The following tables demonstrate the sensitivity to a reasonably possible change in US Dollar, Euro, GB Pound Sterling, New Zealand Dollar, South African Rand, Polish Zloty and Indian Rupee exchange rates, with all other variables held constant. A positive number below indicates an increase in profit and other equity, a negative number indicates a reduction in profit and other equity. The Group's exposure to foreign currency changes for all other currencies is not material.

3 Financial assets and financial liabilities (continued)

Effect in \$'000 (before tax)	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
30 June 2016				
New Zealand Dollar (5% movement)	280	(280)	(71)	71
GB Pound Sterling (5% movement)	(899)	899	722	(722)
US Dollar (5% movement)	(888)	888	(1)	1
Polish Zloty (5% movement)	466	(466)	(198)	198
Indian Rupee (5% movement)	523	(507)	(149)	144
Other currencies (5% movement)	62	(62)	(9)	9

Effect in \$'000 (before tax)	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
30 June 2015				
New Zealand Dollar (5% movement)	250	(250)	(23)	23
GB Pound Sterling (5% movement)	(1,357)	1,357	374	(374)
US Dollar (5% movement)	(381)	381	(6)	6
Polish Zloty (5% movement)	417	(417)	(37)	37
Indian Rupee (5% movement)	340	(340)	(61)	61
Other currencies (5% movement)	42	(42)	(4)	4

b) Price Risk

The Consolidated Entity is not exposed to price risk.

c) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Consolidated Entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Consolidated Entity to interest rate risk. Borrowings issued at fixed rates expose the Consolidated Entity to fair value interest rate risk. The Consolidated Entity's policy is to maintain at least 75% of its term borrowings at a fixed rate using interest rate swaps to achieve this when necessary.

3 Financial assets and financial liabilities (continued)

	30 June 2016		30 June 2015	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Bank loans	4.79	61,852	4.70	73,444
Interest rate cap (notional principal amount) ¹	1.00	(37,441)	1.00	(40,114)
Interest rate swaps (notional principal amount) ¹	2.01	(8,762)	3.62	(8,762)
Net exposure to cash flow interest rate risk		15,649		24,568

¹ Interest rates caps and swaps are recorded at fair value through profit and loss. The fair value of these instruments is exposed to changes in interest rates despite requiring payment at a fixed rate of interest.

An increase in the interest rates by one percentage point would have a negative effect on profit of \$156,000 (2015: \$246,000) per annum. A decrease in the interest rates by one percentage point would have a positive effect on profit of \$156,000 (2015: \$246,000).

iv. Liquidity risk

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

Financing arrangements

Undrawn borrowing facilities at the reporting date to which the Consolidated Entity had access are disclosed in note 23(b).

	Consolidated	
	2016 '000	2015 '000
Floating rate		
Expiring within one year	857	857
Revolving facilities	7,688	7,975
Term facilities	4,424	4,862
	12,968	13,695
Expiring beyond one year		
Term facilities	50,171	60,740
	63,139	74,435

3 Financial assets and financial liabilities (continued)

The Consolidated Entity's financing arrangements impose certain covenants on the entity, if breached, the financiers may at any time declare that the loans become due and payable. There were no covenants breached during the reporting period.

The table below analyse the Consolidated Entity's financial assets and financial liabilities into relevant maturity groupings based on their contractual maturities:

	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over than 5 years \$'000	Total Contractual \$'000	Carrying amount \$'000
At 30 June 2016						
<u>Financial assets</u>						
Cash	29,113	-	-	-	29,113	29,113
Trade Receivables	14,023	-	-	-	14,023	14,023
Receivables	-	1,300	1,950	-	3,250	2,778
Interest rate cap	179	45	-	-	224	7
<u>Financial liabilities</u>						
Trade and other payables	(2,968)	-	-	-	(2,968)	(2,968)
Borrowings – include interest	(14,994)	(50,494)	-	-	(65,488)	(61,852)
Redeemable preference shares	-	-	(74,237)	-	(74,237)	(59,680)
Interest rate swap	(104)	(30)	-	-	(134)	(181)
Net inflow/(outflow)	25,249	(49,179)	(72,287)	-	(96,217)	(78,760)
At 30 June 2015						
<u>Financial assets</u>						
Cash	18,882	-	-	-	18,882	18,882
Trade Receivables	21,021	-	-	-	21,021	21,021
Interest rate cap	512	179	45	-	736	193
<u>Financial liabilities</u>						
Trade and other payables	(6,410)	-	-	-	(6,410)	(6,410)
Borrowings	(15,457)	(8,975)	(56,653)	-	(81,085)	(73,247)
Redeemable preference shares	-	-	-	(74,237)	(74,237)	(52,332)
Interest rate swap	(44)	(104)	(149)	-	(297)	(197)
Net inflow/(outflow)	18,504	(8,900)	(56,757)	(74,237)	(121,390)	(92,090)

4 Fair value measurements

	Carrying value		Fair value	
	30 June 2016 \$'000	30 June 2015 \$'000	30 June 2016 \$'000	30 June 2015 \$'000
Financial liabilities				
Borrowings	61,852	73,247	62,282	74,608
Redeemable preference shares	59,680	52,332	59,680	52,332
	121,532	125,579	121,962	126,940

The fair values of cash, receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair values quoted in the above table in relation to non-current liabilities are all categorised within the fair value hierarchy as Level 2 inputs.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Consolidated Entity's financial instruments including redeemable preference shares, borrowings and derivative financial instruments are valued using the Level 2 valuation techniques, being observable inputs.

No financial assets or liabilities were transferred from level 1 and 2 during the year ended 30 June 2016 (2015: nil). There are no financial assets or liabilities classified as level 3 financial instruments.

5 Segment information

Description of segments

The Chief Executive Officer considers the business from a product group perspective and has identified two reportable segments, as follows:

- Wealth Management - Wealth Management platforms provide end-to-end processing to support all back office functions relating to daily management of superannuation, pensions, life insurance, investment, private wealth and portfolio administration.
- Funds Administration - Funds Administration platforms support administration requirements for a range of investment vehicles in Europe and distributed globally for both retail and institutional investors.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Executive Officer monitors the operating results of its divisions separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating EBITDA. Operating EBITDA is earnings before finance cost, interest and foreign exchange gains and losses, tax, depreciation, amortisation as well as non-recurring expenses and significant items. Non-recurring expenses include those expenses that are one-off in nature and are not expected to re-occur in the ordinary course of business. Significant items include the onerous provision charge. Operating EBITDA is reconciled with profit or loss in the consolidated financial statements below.

	2016 \$'000	2015 \$'000
Wealth Management	99,615	76,497
Funds Administration	<u>85,062</u>	<u>75,591</u>
Total segment revenue ²	<u>184,677</u>	<u>152,089</u>
Wealth Management	13,474	7,344
Funds Administration	<u>40,095</u>	<u>30,461</u>
Total segment Operating EBITDA	53,569	37,805
Corporate costs	(28,592)	(20,331)
Finance income (note 7) ²	<u>25</u>	<u>20</u>
Total operating EBITDA	25,002	17,474
Significant items		
Onerous contract provision	<u>(3,382)</u>	-
EBITDA after significant items	21,620	17,474
Depreciation and amortisation expense	(8,315)	(94,169)
Finance expense (note 8)	(11,685)	(5,428)
Foreign exchange loss	(3,635)	(3,583)
Other non-recurring expenses	<u>(2,810)</u>	<u>(456)</u>
Net loss before tax	(4,825)	(86,142)
Income tax expense	<u>(1,638)</u>	<u>(3,343)</u>
Net loss after tax	<u>(6,463)</u>	<u>(89,485)</u>
Segment Assets		
Wealth Management	148,471	140,966
Funds Administration	<u>25,347</u>	<u>25,852</u>
	<u>173,818</u>	<u>166,818</u>
Segment Liabilities		
Wealth Management	130,205	119,148
Funds Administration	<u>55,666</u>	<u>59,792</u>
	<u>185,871</u>	<u>178,940</u>

² Segment revenue excludes finance income in this segment disclosure (note 7).

5 Segment Reporting (continued)

	2016 \$'000	2015 \$'000
Segment Revenue by geography ³		
Australia	69,489	58,892
UK	94,169	77,369
New Zealand	12,829	8,645
Others	8,190	7,183
	184,677	152,089
	2016 \$'000	2015 \$'000
Segment Assets by geography		
Australia	146,075	137,469
UK	5,107	6,203
New Zealand	8,249	7,753
Others	14,387	15,393
	173,818	166,818

³ Segment revenue excludes finance income in this segment disclosure (note 7).

6 Privatisation of Bravura Group

On 10 October 2013, Bravura Solutions Holdings Pty Ltd, an entity ultimately owned by funds managed and advised by Ironbridge Capital Holdings Pty Ltd ("the Ironbridge Funds"), completed the privatisation of Bravura Solutions Pty Ltd (formerly Bravura Solutions Ltd) via a Scheme of Arrangement. Through this transaction the Ironbridge Funds rolled over their existing 67.1% stake in Bravura Solutions Pty Ltd (formerly Bravura Solutions Ltd) into Bravura Solutions Holdings Pty Ltd (formerly Stockholm Solutions Holdings Pty Ltd) and the remaining 32.9% held by non Ironbridge investors was acquired for a cash consideration of \$0.28 per share.

7 Revenue and Other Income

	2016 \$'000	2015 \$'000
<i>Sales revenue</i>		
Maintenance and support fees	91,696	81,402
Professional services fees	79,574	65,193
Licence fees	12,860	5,103
Other sales revenue	547	391
	184,677	152,089
<i>Other revenue</i>		
Interest received	25	20
	25	20
	184,702	152,109

8 Expenses

	2016 \$'000	2015 \$'000
Profit before income tax includes the following specific expenses:		
<i>Employee benefits expense</i>		
Salary and wages	110,957	89,197
Defined contribution superannuation expense	6,176	6,230
Other	1,553	679
	118,686	96,106
Non-recurring employee benefits expense	700	-
Total employee benefits expense	119,386	96,106
Plant and equipment	1,842	1,553
Leasehold improvements	1,157	1,107
Plant and equipment under lease	2,187	1,991
Furniture and fittings	214	201
	5,400	4,852
Total depreciation		
<i>Amortisation</i>		
Business contracts and relationships	987	2,756
Intellectual property and software development	1,928	5,876
	2,915	8,632
Total amortisation		
<i>Impairment</i>		
Goodwill	-	55,488
Business contracts and relationships	-	16,609
Intellectual property and software development	-	8,588
	-	80,685
Total impairment		
Total depreciation, amortisation and impairment	8,315	94,169
<i>Finance costs</i>		
Interest and finance charges paid/payable	3,324	3,337
Interest Redeemable preference shares (note 3.2)	7,349	-
Borrowing costs and other	810	1,448
Net loss on derivative financial instruments	202	643
	11,685	5,428
Total finance costs expensed		

9 Income Tax Expense

	2016 \$'000	2015 \$'000
(a) Income tax expense		
Current tax	2,261	1,959
Deferred tax	(263)	929
Under/(over) provision in prior years	(360)	455
	1,638	3,343
Deferred income tax expense/(benefit) included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets (note 16)	(338)	4,662
(Decrease)/increase in deferred tax liabilities (note 25)	109	(3,733)
	(229)	929
Amount credited directly to equity	-	-
	(229)	929
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable		
Loss from continuing operations before income tax expense	(4,825)	(86,142)
Tax at the Australian tax rate of 30% (2015: 30%)	(1,448)	(25,843)
Difference in overseas tax rates	(3,011)	(2,127)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Current year unrecognised tax losses	5,295	4,638
Non-deductible expenses	582	2,449
Goodwill impairment	-	16,647
Attributable CFC income	713	468
Withholding tax written off	246	233
Thin capitalisation restriction	50	298
Loss relief utilised	(56)	(46)
Tax losses UK de-recognised	-	1,820
Other deferred tax de-recognised	-	2,832
Research and development	-	786
Undistributed reserves	94	888
Sundry items	(467)	(155)
Under provision in prior years	(360)	455
	1,638	3,343
Total income tax expense / (credit)	1,638	3,343
(c) Tax losses		
<i>Australia</i>		
Unused tax losses for which no deferred tax asset has been recognised	37,042	24,750
Unused non-refundable tax offset for which no deferred tax asset has been recognised	4,368	4,368
	15,481	7,425
Potential tax benefit of unused Australian tax losses @30%	15,481	7,425
<i>United Kingdom</i>		
Unused tax losses for which no deferred tax asset has been recognised	35,465	26,881
	35,465	26,881
Potential tax benefit of unused UK tax losses @20%	7,093	5,376

Bravura's Australian and United Kingdom tax losses for which no deferred tax asset has been recognised are available indefinitely for offset against future taxable income subject to continuing to meet relevant statutory tests.

9 Income tax expense (continued)

d) Tax consolidation legislation

Certain Australian entities in the Group formed a tax consolidated group with effect from 10 October 2013. Bravura Solutions Holdings Pty Ltd is the "head entity" of the tax consolidated group. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The group allocation approach has been applied in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*.

10 Current assets – cash and cash equivalents

	2016 \$'000	2015 \$'000
Cash at bank	29,112	18,881
Cash on hand	1	1
	29,113	18,882

(a) Reconciliation to cash at the end of the period

The above figures are reconciled to cash at the end of the financial period as shown in the Consolidated statement of cash flows.

(b) Risk Exposure

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of Bravura, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalent is \$29,113,000 (2015:\$18,882,000)

11 Current assets - Trade and other receivables

	2016 \$'000	2015 \$'000
Trade receivables	14,023	21,021
	14,023	21,021
Other receivables	427	393
Deposit	751	596
Accrued service revenue and licence fees	3,651	4,601
	4,829	5,590
	18,852	26,611

Impaired, bad and doubtful trade receivables written off

The Consolidated Entity has written off \$nil bad debts during the year ended 30 June 2016 (2015: \$nil) and recognised an allowance for impairment loss on trade receivables of \$nil (2015: \$nil).

As at 30 June 2016 current trade receivables of the Consolidated Entity with a nominal value of \$nil (2015: \$nil) were impaired. The Consolidated Entity reviews its receivables on a customer by customer basis taking into account specific customer factors including credit worthiness, history of payment and current financial position as well as general market factors when assessing their recoverability. The amount of the provision was \$nil (2015: \$nil).

12 Current assets - Current tax asset

	2016 \$'000	2015 \$'000
Income Tax	101	-

13 Current assets - Other current assets

	2016 \$'000	2015 \$'000
Prepayments	4,976	3,218

14 Non-current assets – Receivables

	2016 \$'000	2015 \$'000
Accrued service revenue and licence fees - unbilled receivable	2,778	-

15 Non-current assets - Property, plant and equipment

	Plant and equipment \$'000	Furniture, fittings and equipment \$'000	Leasehold improvements \$'000	Hosting plant and equipment \$'000	Total \$'000
Year 30 June 2015					
Opening net book amount	3,460	390	2,244	6,652	12,746
Additions	1,628	350	1,226	-	3,204
Disposals	(81)	(20)	(4)	-	(105)
Exchange differences	442	19	84	725	1,270
Depreciation charge	(1,553)	(201)	(1,107)	(1,991)	(4,852)
Closing net book amount	3,896	538	2,443	5,386	12,263
At 30 June 2015					
Cost	12,061	1,311	6,372	12,275	32,019
Accumulated depreciation	(8,165)	(773)	(3,929)	(6,889)	(19,756)
Net book amount	3,896	538	2,443	5,386	12,263
Year 30 June 2016					
Opening net book amount	3,896	538	2,443	5,386	12,263
Additions	4,692	44	12	36	4,784
Disposals	(28)	-	-	-	(28)
Exchange differences	(258)	3	(99)	(388)	(742)
Depreciation charge	(1,842)	(214)	(1,157)	(2,187)	(5,400)
Closing net book amount	6,460	371	1,199	2,847	10,877
Cost					
Cost	15,739	1,307	6,110	10,893	34,049
Accumulated depreciation	(9,279)	(936)	(4,911)	(8,046)	(23,172)
Net book amount	6,460	371	1,199	2,847	10,877

15 Non-current asset – Plant property and equipment (continued)

Additions in Plant and Equipment include \$1,659,331 of datacentre hosting assets which have not yet been commissioned and remain payable at the reporting date.

Finance leases

The carrying value of plant and equipment held under finance leases at 30 June 2016 was \$nil (2015:\$ 5,386,000). Additions during the year of \$nil (2015: \$nil) related to plant and equipment under finance leases. Leased assets in the prior year were pledged as security for the related finance lease, which was paid off during the reporting period.

16 Non-current assets - Deferred tax assets

	2016 \$'000	2015 \$'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	139	130
Temporary differences on intangibles	494	439
Accruals	305	194
Provisions	-	172
Foreign exchange differences	-	16
Other	524	173
	<hr/>	<hr/>
Total deferred tax assets	1,462	1,124
Movements:		
Opening balance at 1 July	1,124	5,786
Credited/(Charged) to profit or loss	338	(4,662)
	<hr/>	<hr/>
Closing balance at 30 June	1,462	1,124

17 Non-current assets - Intangible assets

	Goodwill \$'000	Business contracts and relationships \$'000	Intellectual property and software development \$'000	Total \$'000
Year 30 June 2015				
Opening net book amount	128,697	21,945	33,848	184,490
Additions - internally generated	-	-	8,765	8,765
Exchange differences	-	587	2	589
Impairment	(55,488)	(16,609)	(8,588)	(80,685)
Amortisation charge	-	(2,756)	(5,876)	(8,632)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing net book amount	73,209	3,167	28,151	104,527
At 30 June 2015				
Cost	128,697	53,239	82,734	264,670
Accumulated amortisation and impairment	(55,488)	(50,072)	(54,583)	(160,143)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount	73,209	3,167	28,151	104,527
Year 30 June 2016				
Opening net book amount	73,209	3,167	28,151	104,527
Additions - internally generated	-	-	4,039	4,039
Exchange differences	-	-	1	1
Impairment	-	-	-	-
Amortisation charge	-	(987)	(1,928)	(2,915)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing net book amount	73,209	2,180	30,263	105,652

17 Non-current assets – Intangible assets (continued)

At 30 June 2016

Cost	128,697	53,239	86,712	268,648
Accumulated amortisation and impairment	(55,488)	(51,059)	(56,449)	(162,996)
Net book amount	73,209	2,180	30,263	105,652

(i) *Goodwill*

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

(ii) *Business contracts and relationships*

Business contracts and relationships are carried at cost less accumulated amortisation and, if applicable, accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight-line method over periods between two and twenty years. The amortisation has been recognised in the Consolidated Statement of Comprehensive Income in the line item “depreciation and amortisation”. If an impairment indicator should arise, the recoverable amount would be estimated and an impairment loss would be recognised to the extent that the recoverable amount was lower than the carrying amount.

(iii) *Intellectual property and software development*

Intellectual property and software are carried at cost less accumulated amortisation and, if applicable, accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight-line method over a period of two to fifteen years. The amortisation has been recognised in the Consolidated Statement of Comprehensive Income in the line item “depreciation and amortisation”. If an impairment indicator should arise, the recoverable amount would be estimated and an impairment loss would be recognised to the extent that the recoverable amount was lower than the carrying amount. No goodwill and intangibles impairment charges were recognised in the reporting period.

(a) **Impairment tests for goodwill and other intangible assets**

(i) Description of the cash generating units and other relevant information

Goodwill and other intangible assets acquired through business combinations have been allocated and are tested at the level of their respective cash generating units at which goodwill and other intangible assets are monitored. Each of the cash generating units are determined based on the following factors:

- The availability of detailed financial forecasts based on this aggregation; and
- Operational drivers and reporting functionality.

In the current year the following cash generating units were identified:

- Wealth Management (WM)
- Funds Administration (FA)

(ii) Methodology followed

The recoverable amount of each of the cash generating units (CGU) has been determined using a value in use approach. The value in use of each CGU has been based on detailed financial projections approved by the Board of Directors covering a five year period and the terminal value for WM. For FA, the financial projections are based on actual contract terms, not exceeding 5 years, with no terminal value.

(b) **Key assumptions used for value-in-use calculations**

The following describes each key assumption on which cash flow projections are based to undertake impairment testing for goodwill. Revenue projections are based on detailed plans for 2017 and growth projections based on the key drivers in the current business, including an assessment of:

- Contracted maintenance and support services - estimated based on recurring revenue from current contracts with existing clients;
- Revenues for professional services to existing clients - estimated after considering the levels of revenue currently being achieved and known projects; and
- Uncontracted forecast revenue which is management's estimate of forecast revenue.

17 Non-current assets – Intangible assets (continued)

Discount rates are based on a weighted average cost of capital calculation for the relevant markets and in the same currency as the cash flows, and adjusted for a risk premium to reflect both the increase in risk of investing in equities and the risk specific to the CGU. The pre-tax, risk adjusted discount rate applied to these cash flow projections for WM is 14% (2015: 14%). The pre-tax, risk adjusted discount rate applied to these cash flow projections for FA is 14% (2015: 13%).

The terminal value of WM after the five year projection period has been calculated using a growth rate of 2.5% (2015: 2.5%) which is determined by Management based on their assessment of expected long term annual growth for the software industry.

Cost of sales and expenses are based on detailed knowledge of the business, historic activity and detailed plans for the 2017 year. This has been extrapolated in future years based on knowledge and assumptions around the growth in revenue and the level of expense required to support this.

(c) Carrying amount of goodwill and other intangibles allocated to each of the cash generating units are as follows:

2016	Wealth Management \$'000	Funds Administration \$'000	Total \$'000
Goodwill	73,209	-	73,209
IP, business contracts and relationships	29,888	2,555	32,443
Consolidated carrying amount	103,097	2,555	105,652
2015	Wealth Management \$'000	Funds Administration \$'000	Total \$'000
Goodwill	73,209	-	73,209
IP, business contracts and relationships	27,561	3,757	31,318
Consolidated carrying amount after impairment	100,770	3,757	104,527
Impairment loss on goodwill	-	55,488	55,488
Impairment loss on IP, business contracts and relationships	6,033	19,164	25,197

(d) Sensitivity to changes in assumptions

Wealth Management

The key estimates and assumptions used to determine the value in use calculation are based on management's current expectations after considering past experience, future investment plans and external information. They are considered to be reasonably achievable. To complete this assessment this, management has further applied a 100 bps sensitivity increase and decrease of the WM and FA discount rate. Management believe that no reasonable change in any of the above key assumptions would cause the carrying values to materially exceed their recoverable amounts.

Funds Administration

The carrying values of the FA CGU's assets were impaired in 2015 to reflect its value in use carrying value. As such, any movement in the key assumptions would have an impact on the recoverable amounts. The key estimates and assumptions used to determine the value in use calculation are based on management's current expectations after considering past experience, future investment plans and external information. They are considered to be reasonably achievable.

18 Current liabilities – Trade and other payables

	2016 \$'000	2015 \$'000
Trade payables	2,968	6,410
Other payables	4,640	6,688
	7,608	13,098

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and normally settled on 45-day terms
Other payables are non-interest bearing and have an average term of 5 months

19 Current liabilities – Borrowings

	2016 \$'000	2015 \$'000
Secured		
Bank loans	11,968	12,152
Current portion of financial lease liability	-	1,030
Total current borrowings	11,968	13,182

20 Current liabilities - Provisions

	2016 \$'000	2015 \$'000
Employee benefits	7,105	6,258
Onerous contracts	1,670	-
Rent incentive	188	253
	8,963	6,511

(a) Amounts not expected to be settled within the next 12 months

The entire provision for employee benefits comprises annual and long service leave and is presented as current since the Consolidated Entity does not have an unconditional right to defer settlement. However, based on past experience, the Consolidated Entity does not expect all employees to take the full amount of accrued leave within the next 12 months. The amount expected to be settled in greater than 12 months is estimated to be approximately \$3 million (2015: \$3 million).

21 Current liabilities - Deferred revenue

	2016 \$'000	2015 \$'000
Deferred maintenance and service revenue	26,081	22,075

22 Current liabilities - Other current liabilities

	2016 \$'000	2015 \$'000
Accrued expenses	14,429	5,534

23 Non-current liabilities - Borrowings

	2016 \$'000	2015 \$'000
Bank loans – term loan	49,884	60,065
	49,884	60,065

(a) Secured liabilities and assets pledged as security

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

	2016 \$'000	2015 \$'000
Finance lease liability	-	1,030
Bank loans	61,852	72,217
	61,852	73,247

The bank loans are secured by a deed of charge and mortgage over certain assets of the Group, as set out below:

	2016 \$'000	2015 \$'000
Current		
<i>Floating charge</i>		
Cash and cash equivalents	29,113	18,882
Receivables	18,852	26,611
Other current assets	4,976	3,218
	52,941	48,711
Non-current		
<i>Floating charge</i>		
Receivables - non-current	2,778	-
Plant and equipment	10,877	12,263
	13,655	12,263
Total assets pledged as security	66,596	60,974

(b) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	2016 \$'000	2015 \$'000
Bank loan facilities		
Total facilities	67,414	79,291
Used at balance date (Note 3.2)	63,139	74,435
Unused at balance date	4,275	4,856

The bank loans as at 30 June 2016 stated in the Consolidated statement of financial position included unamortised transaction costs of \$429,881 (2015: \$1,361,000) which were offset in the Consolidated statement of financial position but not in the table above to reflect the amount used at balance date. These facilities relate to both bank loans and guarantees. The facilities for guarantees are drawn by an amount of \$857,000 (2015: \$857,000).

The financing arrangements impose certain covenants on the Consolidated Entity that, if breached, the financiers may at any time declare that the loans become immediately due and payable. There were no covenants breached during the current period.

23 Non-current liabilities – Borrowings (continued)

(c) Finance lease liability

Finance lease liabilities of the group are payable as follows:

	2016 \$'000	2015 \$'000
Gross lease liabilities:		
Within one year	-	1,030
Between 2 and 5 years	-	-
After 5 years	-	-
	-	1,030
Future interest	-	-
Present value of finance lease liabilities	-	1,030
The present value of finance lease liabilities is payable as follows:		
Within one year	-	1,030
Between 2 and 5 years	-	-
After 5 years	-	-
	-	1,030

24 Non-current liabilities - Deferred tax liabilities

	2016 \$'000	2015 \$'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	-	35
Intangible assets	428	704
Undistributed reserves	982	888
Other	1,194	868
Total deferred tax liabilities	2,604	2,495
Movements:		
Opening balance at 1 July	2,495	6,228
Charged to profit or loss	109	(3,733)
Closing balance at 30 June	2,604	2,495

25 Non-current liabilities - Provisions

	2016 \$'000	2015 \$'000
Employee benefits - long service leave	1,390	1,213
Onerous contracts	1,586	-
Make good provision	1,497	1,523
	4,473	2,736

25 Non-current liabilities – provisions (continued)

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Onerous contracts \$'000	Make good provision \$'000
2016		
Carrying amount at start of year	-	1,523
Charged/(credited) to profit or loss		
Adjustments to provision	3,382	-
Interest	-	-
Exchange differences	(126)	(26)
	<u>3,256</u>	<u>1,497</u>
Carrying amount at end of year		
Current	1,670	-
Non-current	1,586	1,497
	<u>3,256</u>	<u>1,497</u>
	Onerous contracts \$'000	Make good provision \$'000
2015		
Carrying amount at start of year	-	1,222
Charged/(credited) to profit or loss		
Adjustments to provision	-	204
Interest	-	42
Exchange differences	-	55
	<u>-</u>	<u>1,523</u>
Carrying amount at end of year		
Current	-	-
Non-current	-	1,523
	<u>-</u>	<u>1,523</u>

Onerous contracts

Onerous contract provisions are recognised for losses on customer contracts where the forecast costs of fulfilling the contract throughout the contract period exceed the forecast income receivable. Assumptions used in forecasting costs and income under these contracts are based on budgeted results and contracted income and commitments under the terms of the contracts. The provision is calculated based on discounted cash flows to the end of the contract which will be completed by 2019.

Make good provision

In accordance with its lease agreements, Bravura must restore the leased premises in Australia, New Zealand and the United Kingdom to their original condition at the end of their respective lease terms (range from four to ten years).

Provisions were adjusted during the year ended 30 June 2016 based on updated estimates received to remove leasehold improvements from these leased premises and is included in the carrying amount of the leasehold improvements.

26 Non-current liabilities - Other non-current liabilities

	2016 \$'000	2015 \$'000
Accrued expenses	-	227
Other	-	311
	-	538

27 Contributed equity

	2016 Shares	2015 Shares	2016 \$'000	2015 \$'000
(a) Share capital				
Fully paid ordinary shares	32,069,999	32,069,999	84,560	84,560
Total	32,069,999	32,069,999	84,560	84,560

(b) Movements in ordinary share capital

Date	Details	Number of Shares	Price	Issue Price AUD
1 Jul 14	Opening balance	31,439,999		83,930,434
20 Sep 14	Issue of ordinary shares	250,000	1.0000	250,000
9 Oct 14	Issue of ordinary shares	250,000	1.0000	250,000
9 Oct 14	Issue of ordinary shares	100,000	1.0000	100,000
17 Nov 14	Issue of ordinary shares	30,000	1.0000	30,000
30 Jun 15	Balance	32,069,999		84,560,434
30 June 16	Balance	32,069,999		84,560,434

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up Bravura in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

The number of authorised ordinary shares is the same as the number of fully paid ordinary shares.

(d) Capital risk management

The Consolidated Entity's objectives when managing capital is 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 to maintain an optimum capital structure to reduce the cost of capital.

The Consolidated Entity monitors capital on the basis of the gearing ratio which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the Consolidated Statement of Financial Position plus net debt.

The financing arrangements impose certain covenants on the Consolidated Entity that, if breached, the financiers may at any time, unless remedied, declare that the loans become immediately due and payable. There were no covenants breached during the current period (refer to Note 23(b)).

The Consolidated Entity's focus is to ensure capital is managed effectively and to maximise shareholder returns over the long term which may include share buy-backs, issue of new shares and/or dividends depending on the capital structure at the time.

28 Reserves and accumulated losses

	2016 \$'000	2015 \$'000
(a) Reserves		
Foreign currency translation reserve	6,880	348
	6,880	348
Movements:		
<i>Foreign currency translation reserve</i>		
Balance 1 July/1 October	348	448
Currency translation differences arising during the year	6,532	(100)
	6,880	348
(b) Accumulated losses		
	2016 \$'000	2015 \$'000
Balance 1 July	(97,030)	(7,545)
Loss for the year	(6,463)	(89,485)
	(103,493)	(97,030)

(c) Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency reserve is used to record exchange differences arising from translation of the financial statements of foreign operations.

29 Dividends

Ordinary shares

No dividends were paid to members during the financial period (2015: \$nil).

30 Key management personnel disclosures

(a) Directors

The following persons were the Directors of Bravura during the financial year:

Non-executive Directors

Brian Mitchell	Chairman and Non-executive Director
Peter Mann	Independent, appointed on 22 December 2015
Neil Broekhuizen	Non-executive Director

Executive Directors

Tony Klim	CEO and Managing Director
Martin Deda	CFO and Executive Director

Former Director

Edoardo Bigazzi	Non-executive Director, resigned on 21 July 2015
-----------------	--

30 Key management personnel disclosures (continued)

(b) Other key management personnel

At the start of the financial year, other employees ceased to be members of key management personnel. This resulted in a reduction of KMP compensation as compared to the prior period, as disclosed in the below table.

(c) Key management personnel compensation

	2016	2015
	\$	\$
Short-term employee benefits	1,856,492	3,486,614
Post-employment benefits	130,568	324,921
Other long-term benefits	27,373	47,155
	2,014,433	3,858,690

No bonuses were paid in the current year.

31 Contingencies

(a) Contingent liabilities

The Consolidated Entity had contingent liabilities at 30 June 2016 in respect of:

Bank guarantees

Guarantees given in respect of office leases of subsidiaries amounting to \$857,000 (2015: \$857,000) are secured by a deed of charge and mortgage over Bravura and certain wholly-owned subsidiaries.

The Consolidated Entity has entered into advisory and consulting fee arrangements, including with a related party, which become only due and payable when certain contract milestones are met.

(b) Contingent assets

The Consolidated Entity had no contingent assets at 30 June 2016.

32 Commitments

Operating leases

	2016	2015
	\$'000	\$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	6,275	5,141
Later than one year but not later than five years	14,343	12,938
Later than five years	909	2,139
	21,527	20,218

Operating lease commitments consist of amounts payable for office rental and equipment, which are generally renewable for one to ten years.

33 Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in note 31.

(b) Subsidiaries and preference shares

Interests in subsidiaries are set out in note 34. Interests in redeemable preference shares are set out in note 3.2.

(c) Outstanding balances arising from transactions with related parties

	2016 \$'000	2015 \$'000
<i>Current payables</i>		
Payable to Ironbridge Capital Holdings Pty Ltd	-	200

(d) Loans from related parties

In the comparative period, there is a \$100,000 loan receivable from an employee who ceased to be a member of key management personnel at the reporting date. There are \$130,000 loan receivables from shareholders outstanding at the reporting date (2015: \$130,000). There are no loans payable to related parties at the reporting date (2015: \$nil).

(e) Transactions with related parties

	2016 \$'000	2015 \$'000
Management fee - Ironbridge Capital Holdings Pty Ltd	700	200
	700	200

Disclosures relating to guarantees to related parties provided are set out in note 31(a).

(f) Terms and conditions of transactions with related parties other than key management personnel or entities related to them

All transactions were made on normal commercial terms and conditions and at market rates.

34 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(c, d):

Name of entity	Country of incorporation	Class of Shares	Equity holding 2016 %
Bravura Solutions Investments Pty Ltd	Australia	Ordinary	100
Bravura Solutions Pty Ltd	Australia	Ordinary	100
Bravura eCommerce Solutions Pty Ltd	Australia	Ordinary	100
Bravura Facility Pty Ltd	Australia	Ordinary	100
Bravura Portfolio Solutions Pty Ltd	Australia	Ordinary	100
Bravura Solutions (Australia) Pty Ltd	Australia	Ordinary	100
Bravura Solutions (HK) Ltd	Hong Kong	Ordinary	100
Bravura Solutions Luxembourg Holdings S.a.r.L.	Luxembourg	Ordinary	100
Bravura Solutions (NZ) Ltd	New Zealand	Ordinary	100
Bravura Solutions (UK) Holdings Ltd	United Kingdom	Ordinary	100
Bravura Solutions (UK) Investments Ltd	United Kingdom	Ordinary	100
Bravura Solutions (UK) Ltd	United Kingdom	Ordinary	100
Garradin Pty Ltd	Australia	Ordinary	100
Real Solutions Pty Ltd	Australia	Ordinary	100
Bravura Software Solutions (SA) (Proprietary) Ltd	South Africa	Ordinary	100
Bravura Solutions Polska Holdings S.P. ZOO	Poland	Ordinary	100
Bravura Solutions Polska S.P. ZOO	Poland	Ordinary	100
Mutual Fund Technologies Ltd	Bermuda	Ordinary	100
Bravura Solutions Services (UK) Ltd	United Kingdom	Ordinary	100
Bravura Solutions (Thailand) Company Ltd	Thailand	Ordinary	100
Bravura Solutions India LLP	India	-	100

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

	2016 \$'000	2015 \$'000
Loss for the year	(6,463)	(89,485)
impairment	-	80,685
Depreciation and amortisation	8,315	13,484
Non cash finance costs	7,348	2,794
Net unrealised exchange differences	4,552	6,493
Change in operating assets and liabilities		
(Increase) /decrease in trade and other debtors, accrued and deferred revenue	8,983	1,299
(Increase)/ decrease in prepayments	(1,758)	(219)
(Increase)/ decrease in deferred tax assets	(338)	4,662
Increase/ (decrease) in trade creditors	(5,490)	2,762
(Decrease)/ increase in provision for income taxes payable	(278)	1,528
(Decrease)/ increase in deferred tax liabilities	109	(3,734)
Decrease/(increase) in provisions and other liabilities	13,304	3,263
Net cash inflow from operating activities	28,284	23,532

36 Parent Entity financial information

(a) Summary financial information

The parent of the Group is Bravura Solutions Holdings Pty Ltd, a proprietary company limited by shares, incorporated in the State of Victoria, Australia.

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

	2016 \$'000	2015 \$'000
Balance sheet		
Current assets	1,538	130
Non-current assets	150,027	141,881
Total assets	151,565	142,011
Current liabilities	2,201	-
Non-current liabilities	59,680	52,332
Total liabilities	61,684	52,332
Net assets	89,684	89,679
<i>Shareholders' equity</i>		
Contributed equity	84,560	84,560
Reserves	-	-
Accumulated profits	5,124	5,119
	89,684	89,679
Profit for the year	5	2
Total comprehensive profit	5	2

(b) Guarantees entered into by the Parent Entity

The parent entity has provided no financial guarantees in respect of bank overdrafts and loans of subsidiaries secured by registered mortgages over leased plant and equipment of the subsidiaries (2015: nil).

(c) Contingent liabilities of the Parent Entity

The parent entity has entered into advisory and consulting fee arrangements, including with a related party, which become only due and payable when certain contract milestones are met (2016: \$nil).

The parent entity has provided letters of support to certain subsidiaries to assist in meeting liabilities as and when they fall due and allow them to continue operating on a going concern basis for the next 12 months from the date of a subsidiary's financial report.

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

As at 30 June 2016, the parent entity had no contractual commitments for the acquisition of property, plant or equipment (2015: \$nil).

37 Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices

	2016 \$	2015 \$
Audit services - Ernst & Young		
Audit services	384,100	277,600
Audit and review of financial reports	139,028	587,765
Total remuneration for audit and other services	<u>523,128</u>	<u>865,365</u>
Other services		
Independent accountants report and advisory services	152,042	-
Tax compliance services	141,276	26,293
Taxation advice	149,600	22,879
Total remuneration for taxation services	<u>443,278</u>	<u>49,172</u>
Total remuneration of Ernst & Young	<u>966,406</u>	<u>914,537</u>
Non-Ernst & young audit firms		
Audit	29,861	72,895
Tax compliance services	279,161	108,454
Advisory services	269,470	198,571
Total remuneration for non-Ernst & Young audit firms	<u>578,492</u>	<u>379,920</u>

38 Events occurring after the reporting period

There have been no occurrences of matters or circumstances subsequent to year end that have significantly affected, or may significantly affect, the operations, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

Directors' Declaration

In the Directors' opinion:

The financial statements and notes of Bravura Solutions Holdings Pty Ltd for the year ended 30 June 2016 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Accounting Standards, the *Corporations Regulations 2001*; and
- (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2016 and of its performance and cash flows for the year ended on that date, and

There are reasonable grounds to believe that the Group 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 Directors.



Brian Mitchell
Chairman and Non-Executive Director

Sydney
17 August 2016

Independent auditor's report to the members of Bravura Solutions Holdings Pty Ltd

Report on the financial report

We have audited the accompanying financial report of Bravura Solutions Holdings Pty Ltd, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at year end or from time to time during the financial year.

Directors' responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

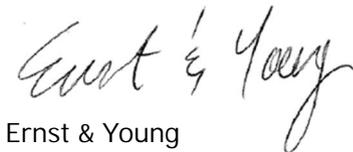
Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have provided to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a. the financial report of Bravura Solutions Holdings Pty Ltd is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.



Ernst & Young



P. S. Barnard

P. S. Barnard
Partner
Sydney
17 August 2016

Corporate directory

Corporate and registered Office

Level 6, 345 George Street
Sydney NSW 2000
Phone: +61 2 9018 7800
Fax: +61 2 9018 7811

Board of Directors

Brian Mitchell
Chairman and Non-executive Director

Peter Mann
Independent

Neil Broekhuizen
Non-executive Director

Tony Klim
CEO and Managing Director

Martin Deda
CFO and Executive Director

These financial statements are the consolidated financial statements of the Consolidated Entity consisting of Bravura Solutions Holdings Pty Ltd and its subsidiaries. The financial statements are presented in Australian dollars.

Bravura Solutions Holdings Pty Ltd is a "for-profit" entity incorporated and domiciled in Australia. The entity is ultimately owned by funds managed and advised by Ironbridge Capital Holdings Pty Ltd ("the Ironbridge Funds"). Its registered office and principal place of business are as follows:

Registered Office:

Bravura Solutions Holdings Pty Ltd
Level 6, 345 George Street
Sydney NSW 2000

Principal Place of Business:

Bravura Solutions Pty Ltd
Level 6, 345 George Street
Sydney NSW 2000

Auditors

Ernst & Young
680 George Street
Sydney NSW 2000
Phone: 61 29248 5555

Website address

www.bravurasolutions.com