Bravura Solutions Pty Ltd (formerly Bravura Solutions Limited)

ABN 15 111 148 826

Financial report for the year ended 30 June 2014

Bravura Solutions Pty Ltd ABN 15 111 148 826
Financial report - 30 June 2014

Contents

Page

Directors' report 1
Auditor's Independence Declaration 5
Financial Report 6
Directors' declaration 46
Independent auditor's report to the members 47

Directors' report

The directors present their report on the consolidated entity (referred to hereafter as the consolidated entity) consisting of Bravura Solutions Pty Ltd (formerly Bravura Solutions Limited) and the entities it controlled ("Bravura") at the end of, or during, the year ended 30 June 2014.

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

Brian Mitchell
Neil Broekhuizen (resigned 22 October 2013)
Trevor Perry (resigned 22 October 2013)
Rebecca Lowde (resigned 18 July 2014)
Tony Klim

Principal activities
During the year the principal activities of the consolidated entity consisted of the provision of professional consulting services and the development, licensing and maintenance of highly specialised administration and management software applications for the Transfer Agency and Wealth Management sectors of the financial services industry.

Dividends - Bravura
A dividend of $5,150,000 was paid during the year (2013: nil).

Review of operations

Sales revenue for the FY2014 was $135.5 million which included $59.0 million from Wealth Management and $76.5 million from Transfer Agency. The revenue for the year showed an improvement when compared to prior year with a 9% increase. The financial year saw increasing activity which will continue to drive revenue for the business. Five new Wealth Management contracts for Sonata were signed, two in the EMEA region and three in the APAC region.

Operating costs as a percentage of revenue increased in comparison to the prior year. Focus on building out resources in low cost countries to assist in overall cost management has been maintained during the current year.

The consolidated entity continues to invest in research and development, to ensure our products meet market needs and are continuously updated with the latest requirements. The total spend for FY2014 focused on progressing the road map for Sonata was $7.2 million (FY2013 $11.9 million), of which $5.5 million was capitalised as intangible assets (FY2013: $8.7million).

Although the consolidated entity has a net current liability position of $5.8 million, $19.5 million of current liabilities relate to deferred revenue. The consolidated entity had a strong cash balance of $18.0 million and positive cash flow from operating activities of $19.5 million.

The comprehensive loss for the consolidated entity after providing for income tax for the year ended 30 June 2014 amounted to $14.4 million (FY2013 profit: $1.7 million).

As at 30 June 2014 Bravura employed 802 people (FY2013: 722 people) staffing 16 offices across Australia, New Zealand, Asia, India, United Kingdom, Europe, Bermuda and South Africa.

Significant changes in the state of affairs
On 10 October 2013, Bravura Solutions Holdings Pty Ltd (formerly Stockholm 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.

Matters subsequent to the end of the financial year
There have been no matters or circumstances which have arisen since 30 June 2014 that have significantly affected, or may significantly affect:

(a) the consolidated entity's operations or
(b) the results of those operations or
(c) the consolidated entity's state of affairs

in future financial years.

Likely developments and expected results of operations
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 as well as expanding its managed services model in APAC. Enhanced strategic relationships with existing clients remain key with a continuing focus on regulatory changes and product enhancements where required. Whilst the strategic focus of the company will not change from prior years it is difficult to predict the financial outcomes as Bravura's results are heavily influenced by a number of external factors outside the control of Bravura. A substantial amount of profit relates to Bravura's overseas business which has been impacted by foreign exchange and economic factors significantly over the past few years and due to these factors Bravura will not be disclosing any expected results for future years at this point.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Commonwealth or State law.

Information on directors

Brian Mitchell 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. *Chairman and Non-executive Director.*

Experience and expertise
Brian Mitchell has over 30 years of experience in the IT industry, with broad experience in the hardware, software and services sectors. His experience has been gained from working in the UK, Australia, Asia Pacific and the United States of America (USA).

He has held various senior management roles with organisations such as Oracle, IBM Corporation, BIS Banking Systems and Digital Equipment Corporation. He has participated as a Board member for a number of private companies, as well as acting as Chairman.

Neil Broekhuizen CA, B.Sc (Eng) Hons. *Non-executive Director.* (Resigned 22 October 2013)

Experience and expertise
Neil Broekhuizen has over 20 years of 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.

Trevor Perry. *Non-executive Director.* (Resigned 22 October 2013)

Experience and expertise
Trevor Perry has more than 30 years of experience in financial services and IT, particularly in the Asia Pacific region. His last role was at Prudential Assurance where as Managing Director for Australasia, he oversaw the successful takeover of NZI in New Zealand and its integration with the local New Zealand Prudential operation.

Prior to his Australasian position, Trevor was the Managing Director of South East Asia for Prudential where he oversaw the establishment of representative offices in China and commenced the process for Prudential's entry into Indonesia.

Information on directors (continued)

Rebecca Lowde B.Bus, CPA, GAICD *CFO, Joint Company Secretary and Executive Director.* (Resigned 18 July 2014)

Experience and expertise
Rebecca Lowde has over 20 years of experience in the information technology industry throughout Australia, New Zealand, Asia and Europe, with expertise in the financial, operational and change management arenas.

Prior to joining Bravura, Rebecca had a dual role as Chief Financial Officer and Chief Operations Officer of the Business Objects Asia Pacific division of SAP. Before this, she held numerous other senior positions within Oracle Corporation in Europe and Asia, and other organisations during the course of her career.

Special responsibilities
Joint Company Secretary

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

Experience and expertise
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 Solutions Pty Ltd 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.

Company Secretary

Nigel Liddell LLB
Nigel is the General Counsel and Joint Company Secretary for Bravura Solutions. He qualified as a solicitor in England in 1993 and has 20 years of in-house legal experience. Nigel joined Bravura as Head of Legal EMEA in March 2008 and became General Counsel and Joint Company Secretary in September 2011.

Prior to joining Bravura, Nigel was Director and Group General Counsel of DST International; UK Legal Counsel for GE Capital IT Solutions; Manager, Legal Affairs Europe for Hertz Europe and has held other roles including Secretary for Action Computers, a listed UK company.

Rebecca Lowde B.Bus, CPA, GAICD (Resigned 18 July 2014)
Rebecca has over 20 years of experience in the information technology industry throughout Australia, New Zealand, Asia and Europe, with expertise in the financial, operational and change management arenas. Refer to her full biography previously disclosed under the information on 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.

Auditor's Independence declaration
A copy of the Auditor's Independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Rounding of amounts
Bravura is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor
Ernst and Young continues in office in accordance with section 327 of the *Corporations Act 2001.*

Share options
Unissued shares
As at the date of this report there were Nil unissued ordinary shares under options.
Shares issued as a result of the exercise of options
No options to acquire shares were held by employees and executives during the year.

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.

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

Brian Mitchell
Chairman and Non-Executive Director

Sydney
5 September 2014

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

In relation to our audit of the financial report of Bravura Solutions Pty Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

E A Lang
Partner
5 September 2014

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Bravura Solutions Pty Ltd
ABN 15 111 148 826

Financial Report
30 June 2014

Contents

Page

Consolidated statement of comprehensive income 7
Consolidated statement of financial position 8
Consolidated statement of changes in equity 9
Consolidated statement of cash flows 10
Notes to the consolidated financial statements 12
Directors' declaration 46
Independent auditor's report to the members 47

These financial statements are the consolidated financial statements of the consolidated entity consisting of Bravura Solutions Pty Ltd (formerly Bravura Solutions Limited) and its subsidiaries. The financial statements are presented in Australian dollars.

Bravura Solutions Pty Ltd (formerly Bravura Solutions Limited) is a "for-profit" entity incorporated and domiciled in Australia. Its registered office and principal place of business are as follows:

Bravura Solutions Pty Ltd (formerly Bravura Solutions Limited)
Level 6, 345 George Street
Sydney NSW 2000

At 30 June 2014, 100% of the share capital is held by Bravura Solutions Investments Pty Limited (formerly Stockholm Solutions Pty Limited) which is a fully owned subsidiary of Bravura Solutions Holdings Pty Limited (formerly Stockholm Solutions Holdings Pty Ltd). The ultimate parent entity of the group is Ironbridge Capital Holdings Pty Limited.

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on pages 1 to 4, which is not part of these financial statements.

The financial statements were authorised for issue in accordance with a resolution of the directors' on 5 September 2014.

Bravura Solutions Pty Ltd
Consolidated statement of comprehensive income
For the year ended 30 June 2014

	Notes	**2014 $'000**	2013 $'000
Revenue from continuing operations	4	**136,284**	124,611
Other income	5	**-**	22
Employee benefits expense	6	**(85,279)**	(66,823)
Depreciation and amortisation expense	6	**(14,288)**	(15,678)
Third party cost of sales		**(12,257)**	(10,157)
Travel and entertainment costs		**(4,003)**	(3,613)
Occupancy costs		**(5,500)**	(4,880)
Telecommunications costs	6	**(6,304)**	(7,221)
Research and development	6	**(1,739)**	(3,179)
Other expenses	6	**(11,548)**	(8,401)
Finance costs	6	**(4,814)**	(2,077)
(Loss)/profit before income tax		**(9,448)**	2,604
Income tax expense	7	**(5,014)**	(906)
(Loss)/profit from continuing operations		**(14,462)**	1,698
Other comprehensive income will be reclassified subsequently to profit or loss when specific conditions are met			
Exchange differences on translation of foreign operations	27(a)	**1,490**	3,211
Total comprehensive (loss)/profit for the year		**(12,972)**	4,909
(Loss)/profit is attributable to:			
Owners of Bravura Solutions Pty Ltd (formerly Bravura Solutions Limited)	27(b)	**(14,462)**	1,698
Total comprehensive profit for the year is attributable to:			
Owners of Bravura Solutions Pty Ltd (formerly Bravura Solutions Limited)		**(12,972)**	4,909

Bravura Solutions Pty Ltd
Consolidated statement of financial position
As at 30 June 2014

	Notes	**2014 $'000**	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**17,999**	13,754
Trade and other receivables	9	**24,515**	26,383
Current tax asset	10	**1,351**	-
Other current assets	11	**2,999**	3,217
Total current assets		**46,864**	43,354
Non-current assets			
Receivables	12	**816**	-
Other financial assets	13	**649**	-
Related party loan	32	**38,030**	-
Property, plant and equipment	14	**12,746**	14,183
Deferred tax assets	15	**5,786**	8,725
Intangible assets	16	**110,857**	113,680
Total non-current assets		**168,884**	136,588
Total assets		**215,748**	179,942
LIABILITIES			
Current liabilities			
Trade and other payables	17	**10,145**	5,842
Borrowings	18	**12,863**	5,804
Related party payable	32	**546**	-
Provisions	19	**5,607**	5,153
Deferred revenue	20	**19,497**	16,608
Current tax liabilities	10	**-**	304
Other current liabilities	21	**4,092**	6,593
Total current liabilities		**52,750**	40,304
Non-current liabilities			
Borrowings	22	**61,090**	21,503
Related party loan	32	**267**	-
Other financial liabilities	13	**147**	-
Deferred tax liabilities	23	**6,229**	4,866
Provisions	24	**2,124**	1,779
Other non-current liabilities	25	**575**	191
Total non-current liabilities		**70,432**	28,339
Total liabilities		**123,182**	68,643
Net assets		**92,556**	111,299
EQUITY			
Contributed equity	26	**132,863**	132,758
Reserves	27(a)	**1,632**	868
Accumulated losses	27(b)	**(41,939)**	(22,327)
Total equity		**92,556**	111,299

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Bravura Solutions Pty Ltd
Consolidated statement of changes in equity
For the year ended 30 June 2014

	Notes	Contributed equity $'000	Options reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2012		**133,377**	**8,654**	**(11,382)**	**(24,025)**	**106,624**
Profit for the period		-	-	-	1,698	1,698
Other comprehensive income		-	-	3,211	-	3,211
Total comprehensive income for the year		-	-	3,211	1,698	4,909
Transactions with owners in their capacity as owners:						
Transaction costs	26(b)	(5)	-	-	-	(5)
Share buy-back	26(b)	(614)	-	-	-	(614)
Share based payments	27(a)	-	385	-	-	385
		(619)	385	3,211	1,698	4,675
Balance at 30 June 2013		**132,758**	**9,039**	**(8,171)**	**(22,327)**	**111,299**
Balance at 1 July 2013		**132,758**	**9,039**	**(8,171)**	**(22,327)**	**111,299**
Loss for the period		-	-		(14,462)	(14,462)
Other comprehensive income		-	-	1,490	-	1,490
Total comprehensive income/(loss) for the year		-	-	**1,490**	**(14,462)**	**(12,972)**
Transactions with owners in their capacity as owners:						
Dividend Paid	28	-	-	-	(5,150)	(5,150)
Share issued	26(b)	105	-	-	-	105
Share buy-back	26(b)	-	(2,385)	-	-	(2,385)
Share based payments	27(a)	-	1,659	-	-	1,659
		105	(726)	-	(5,150)	(5,771)
Balance at 30 June 2014		**132,863**	**8,313**	**(6,681)**	**(41,939)**	**92,556**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Bravura Solutions Pty Ltd
Consolidated statement of cash flows
For the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**157,068**	146,173
Payments to suppliers and employees (inclusive of goods and services tax)		**(132,831)**	(117,139)
		24,237	29,034
Interest received	4	**10**	265
Interest and other finance costs paid		**(2,739)**	(1,335)
Income taxes paid		**(2,108)**	(2,341)
Net cash inflow from operating activities	35	**19,400**	25,623
Cash flows from investing activities			
Payments for property, plant and equipment	14	**(1,877)**	(2,564)
Payments for intangibles	16	**(5,520)**	(8,689)
Net cash outflow from investing activities		**(7,397)**	(11,253)
Cash flows from financing activities			
Proceeds from share issue	26(b)	**105**	-
Payment for share buy-back	27(a)	**(2,386)**	(614)
Lease payments		**(3,590)**	(2,452)
Payment for share issue costs	26(b)	**-**	(5)
Proceeds from borrowings		**11,478**	27,937
Repayment of borrowings		**(13,769)**	(30,343)
Net cash outflow from financing activities		**(8,162)**	(5,477)
Net increase in cash and cash equivalents		**3,841**	8,893
Cash and cash equivalents at the beginning of the financial year		**13,754**	4,591
Effects of exchange rate changes on cash and cash equivalents		**404**	270
Cash and cash equivalents at end of year	8	**17,999**	13,754

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

Page

1 Summary of significant accounting policies 12
2 Critical accounting estimates and judgements 24
3 Financial risk management 25
4 Revenue 26
5 Other income 26
6 Expenses 27
7 Income tax expense 28
8 Current assets - Cash and cash equivalents 29
9 Current assets - Trade and other receivables 29
10 Current assets/(liabilities) – Current tax asset/(liability) 30
11 Current assets - Other current assets 30
12 Non-current assets – Receivables 30
13 Financial Assets and Liabilities 30
14 Non-current assets - Property, plant and equipment 31
15 Non-current assets - Deferred tax assets 32
16 Non-current assets - Intangible assets 32
17 Current liabilities - Trade and other payables 34
18 Current liabilities – Borrowings 34
19 Current liabilities – Provisions 34
20 Current liabilities - Deferred revenue 35
21 Current liabilities - Other current liabilities 35
22 Non-current liabilities – Borrowings 35
23 Non-current liabilities - Deferred tax liabilities 37
24 Non-current liabilities – Provisions 37
25 Non-current liabilities - Other non-current liabilities 38
26 Contributed equity 38
27 Reserves and (accumulated losses)/retained earnings 39
28 Dividends 39
29 Key management personnel disclosures 40
30 Contingencies 40
31 Commitments 41
32 Related party transactions 41
33 Subsidiaries 42
34 Events occurring after the reporting period 42
35 Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities 43
36 Share-based payments 43
37 Parent Entity financial information 44

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.

(a) Basis of preparation

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

(i) Statement of Compliance
The consolidated entity has early adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements for the financial year beginning 1 July 2013. The consolidated entity is a for-profit, private sector entity which is not publicly accountable. Therefore the consolidated financial statements for the group are tier two general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and *Corporations Act 2001.*

The adoption of AASB 1053 and AASB 2010-2 allowed the consolidated entity to remove a number of disclosures. There were no other impacts on the current period financial statements.

(ii) Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

(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.

(b) Going Concern

The consolidated entity has net current liabilities of $5.8 million. The $52.8 million of total current liabilities includes $19.5 million of deferred revenue.

The directors are of the opinion that the positive earnings before interest, tax, depreciation and amortisation (EBITDA) margins and continued solid operating cash flows for the year ended 30 June 2014 will continue to provide sufficient cash flows to support the consolidated entity.

The directors are, therefore, confident the consolidate entity will be able to meet its debts as the fall due. Accordingly, no adjustments have been made to the financial statements relating to recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities.

1 Summary of significant accounting policies (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Bravura Solutions Pty Ltd (formerly Bravura Solutions Ltd) ("Company" or "parent entity") and its subsidiaries ("the Group") as at 30 June 2014. 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

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 statement of comprehensive income 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.

(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) Limited – New Zealand dollars (NZ$)
(b) Bravura Solutions (UK) Holdings Limited – Australian dollars (AU$)
(c) Bravura Solutions (UK) Investments Limited - British pounds (UK£)
(d) Bravura Solutions (UK) Limited – British pounds (UK£)
(e) Bravura Solutions (HK) Limited – United States dollars (US$)
(f) Bravura Solutions Luxembourg Holdings S.à.r.l. – Euro (€)
(g) Bravura Software Solutions (SA) (Proprietary) Limited – 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 Limited – British pounds (UK£)
(k) Bravura Solutions Services (UK) Limited – British pounds (UK£)
(l) Bravura Solutions (Thailand) Company Limited – Thai Baht (THB)
(m) Bravura Solutions India Private Limited – Indian Rupee (INR)

1 Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

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 weighted 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 Comprehensive Income.

(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.

(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 on a time and material basis at monthly intervals.

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 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(b) 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 life 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.

1 Summary of significant accounting policies (continued)

(e) Revenue recognition (continued)

(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.

(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 the 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
Bravura and its wholly-owned Australian entities formed a tax consolidated group from 1 July 2006. On 10 October 2014, the Bravura tax consolidated group ceased to exist as a result of the shares in Bravura being acquired by Bravura Solutions Investments Pty Ltd (formerly Stockholm Solutions Pty Ltd). On the same day Bravura Solutions Holdings Pty Ltd (formerly Stockholm Solutions Holdings Pty Ltd), Bravura's parent company, formed a new tax consolidated group which included Bravura and its wholly-owned Australian entities.

The tax consolidated group's current tax expense and other deferred tax assets are required to be allocated to the members of the 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 member of the tax consolidated group is determined as if Bravura Solutions Holdings Pty Ltd (formerly Stockholm Solutions Holdings Pty Ltd) is a stand-alone tax payer but modified as necessary to recognise membership of the relevant tax consolidated group. Recognition of amounts allocated to members of the tax consolidated group has regard to the tax consolidated group's future taxable profits.

1 Summary of significant accounting policies (continued)

(g) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident 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.

Other operating lease payments are charged to profit or loss in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(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 an 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 an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

1 Summary of significant accounting policies (continued)

(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.

(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 30 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 financials 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.

(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 9) 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.

1 Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

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.

Recognition and derecognition
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 loss 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 3.

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.

1 Summary of significant accounting policies (continued)

(m) Derivatives

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).

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

(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.

1 Summary of significant accounting policies (continued)

(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:

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

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 [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 twenty years.

(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 eight to ten 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 technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its 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. Costs incurred after technological feasibility is established are not material and, accordingly, all research and development costs are expensed when incurred.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

1 Summary of significant accounting policies (continued)

(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.

(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.

(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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1 Summary of significant accounting policies (continued)

(w) Share-based payments

Bravura provides benefits to employees and suppliers (including directors) of Bravura in the form of share-based payment transactions, whereby employees and suppliers render services in exchange for shares or rights over shares ("equity-settled transactions").

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. Market conditions attached to these options are taken into account when estimating the fair value of the equity instruments granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees or suppliers become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the consolidated entity, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination for fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

(x) 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.

1 Summary of significant accounting policies (continued)

(y) 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.

(z) Rounding of amounts

The consolidated entity is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(ab) New and amended standards and interpretations

The consolidated entity has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2013:

- AASB 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities - Amendments to AASB 7*
- AASB 10 *Consolidated Financial Statements,* AASB 127 *Separate Financial Statements*
- AASB 11 *Joint Arrangements, AASB 128 Investments in Associates and Joint Ventures*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 19 *Employee Benefits (Revised 2011)*
- *Improvements to AASBs 2009-2011 Cycle*

The adoption of the new and amended standards and interpretations listed above do not significantly impact the consolidated financial statements.

Several other amendments apply for the first time in 2013/2014. However, they do not impact the annual consolidated financial statements of the Group.

1 Summary of significant accounting policies (continued)

(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 tax consolidated group has adopted and complied with the tax consolidation legislation.

The head entity, Bravura Solutions Holdings Pty Ltd (formerly Stockholm 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.

(iv) Share-based payments
The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the consolidated entity is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

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
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. The assumptions used in the estimation of recoverable amount are included in note 16.

(ii) Income taxes
Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(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.

2 Critical accounting estimates and judgements (continued)

(b) Critical judgements 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.

Share based payments
The consolidated entity measures the cost of equity-settled transactions with employees and supplier by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, with the assumptions detailed in note 36. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Revenue recognition
The consolidated entity determines the amount of revenue to be recognised on projects 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.

Where the consolidated entity enters into a maintenance and support agreement with a customer as part of a multiple element arrangement, the fair value of the maintenance component is calculated based on the estimated direct cost of delivering the maintenance and support plus an acceptable margin. The licence fee component of the multiple element arrangement is adjusted accordingly.

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 risk management

(a) Liquidity risk

Financing arrangements
Undrawn borrowing facilities at the reporting date to which the consolidated entity had access are disclosed in note 22.

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity 2.75 years (2013: 2.5 years).

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 current year.

	Consolidated	
	2014	2013
	$'000	$'000
Floating rate		
Expiring within one year		
Revolving facilities	**12,785**	-
Term facilities	**2,798**	3,061
	15,583	3,061
Expiring beyond one year		
Term facilities	**61,407**	17,766
	76,990	20,827

3 Financial risk management (continued)

(b) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* 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 fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the consolidated entity is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level 2 and comprise debt investments and derivative financial instruments.

In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3.

4 Revenue

	2014	2013
	$'000	$'000
Sales revenue		
Maintenance and support fees	**74,482**	66,660
Professional services fees	**51,018**	50,047
Licence fees	**9,781**	7,510
Other sales revenue	**170**	129
	135,451	124,346
Other revenue		
Interest received	**10**	265
Interest on loans with related parties (refer to note 32)	**823**	-
	833	265
	136,284	124,611

5 Other income

	2014	2013
	$'000	$'000
Fair value gain on derivatives	**-**	22
Total other income	**-**	22

6 Expenses

	2014 $'000	2013 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**1,378**	1,141
Leasehold improvements	**834**	1,103
Plant and equipment under lease	**1,874**	1,745
Furniture and fittings	**154**	151
Total depreciation	**4,240**	4,140
Amortisation		
Business contracts and relationships	**3,829**	5,678
Intellectual property and software development	**6,219**	5,860
Total amortisation	**10,048**	11,538
Total depreciation and amortisation	**14,288**	15,678
Employee benefits expense		
Salary and wages	**77,542**	61,008
Share-based payments	**1,658**	385
Defined contribution superannuation expense	**5,454**	4,787
Other	**625**	643
Total employee benefits expense	**85,279**	66,823
Finance costs		
Interest and finance charges paid/payable	**2,525**	1,332
Borrowing costs and other	**2,056**	745
Net loss on financial instruments	**233**	-
Finance costs expensed	**4,814**	2,077
Research and development		
R&D internal and external charges	**1,739**	3,179
Total research and development expenses	**1,739**	3,179
Telecommunications costs		
Telecommunication and computer costs	**6,304**	7,221
Total telecommunications costs	**6,304**	7,221
Other expenses		
Printing and stationery costs	**757**	1,894
Marketing and conference costs	**691**	886
Professional and conference costs	**2,417**	3,443
Non-recurring corporate transaction fees	**4,655**	195
Foreign exchange loss (net)	**3,028**	1,983
Total other expenses	**11,548**	8,401

7 Income tax expense

	2014 $'000	2013 $'000
(a) Income tax expense		
Current tax	**685**	2,023
Deferred tax	**4,449**	(1,524)
Current tax - under/(over) provisions in prior years	**26**	96
Deferred tax - under provisions in prior years	**(146)**	311
Total income tax expense	**5,014**	906
Deferred income tax expense/(benefit) included in income tax expense comprises:		
Decrease in deferred tax assets (note 15)	**2,915**	(119)
Increase in deferred tax liabilities (note 23)	**1,534**	(1,405)
	4,449	(1,524)
Amount credited directly to equity	**-**	-
	4,449	(1,524)
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable		
(Loss)/profit from continuing operations before income tax expense	**(9,448)**	2,604
Tax at the Australian tax rate of 30% (2013: 30%)	**(2,834)**	781
Difference in overseas tax rates	**(5,775)**	(3,731)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Current year unrecognised tax losses	**2,996**	1,306
Change in company income tax rates	**-**	(153)
Employee share expenses	**29**	128
Non-deductible expenses	**2,257**	212
Non-deductible expenses - other	**859**	1,547
Attributable CFC income	**480**	608
Gain on disposal of investments	**1,162**	-
Withholding tax written off	**214**	162
Allocable cost amount adjustment	**6,350**	-
Loss relief utilised	**(866)**	(362)
Thin capitalisation restriction	**262**	-
Under/(over) provision in prior years	**(120)**	408
Total income tax expense	**5,014**	906
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**17,906**	24,153
Unused non-refundable tax offset	**3,255**	-
Potential tax benefit of unused tax losses @ 30%	**5,372**	7,246

Bravura's Australian 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.

7 Income tax expense (continued)

(d) Tax consolidation legislation

Bravura and its wholly-owned Australian entities formed a tax consolidated group from 1 July 2006. On 10 October 2014, the Bravura tax consolidated group ceased to exist as a result of the shares in Bravura being acquired by Bravura Solutions Investments Pty Ltd (formerly Stockholm Solutions Pty Ltd). On the same day Bravura Solutions Holdings Pty Ltd (formerly Stockholm Solutions Holdings Pty Ltd), Bravura's parent company, formed a new tax consolidated group which included Bravura and its wholly-owned Australian entities.

The tax consolidated group's current tax expense and other deferred tax assets are required to be allocated to the members of the 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 member of the tax consolidated group is determined as if Bravura Solutions Holdings Pty Ltd (formerly Stockholm Solutions Holdings Pty Ltd) is a stand-alone tax payer but modified as necessary to recognise membership of the relevant tax consolidated group. Recognition of amounts allocated to members of the tax consolidated group has regard to the tax consolidated group's future taxable profits.

8 Current assets - Cash and cash equivalents

	2014 **$'000**	2013 $'000
Cash at bank	**17,998**	13,753
Cash on hand	**1**	1
	17,999	13,754

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

The above figures are reconciled to cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows.

9 Current assets - Trade and other receivables

	2014 **$'000**	2013 $'000
Trade receivables	**17,957**	18,962
Provision for impairment of trade receivables (a)	**-**	-
	17,957	18,962
Other receivables	**1,392**	1,099
Deposit	**529**	-
Accrued service revenue and licence fees - unbilled receivables	**4,637**	6,322
	6,558	7,421
	24,515	26,383

Bad and doubtful trade receivables written off
The consolidated entity has written off $nil bad debts during the year ended 30 June 2014 (2013: $nil).

The consolidated entity recognised an allowance for impairment loss on trade receivables of $nil (2013: $nil).

10 Current assets/(liabilities) – Current tax asset/(liability)

	2014 $'000	2013 $'000
Income Tax	**1,351**	(304)

11 Current assets - Other current assets

	2014 $'000	2013 $'000
Prepayments	**2,999**	3,217

12 Non-current assets – Receivables

	2014 $'000	2013 $'000
Accrued service revenue and licence fees - unbilled receivable	**816**	-

13 Financial Assets and Liabilities

(a) Derivative Financial Instruments

Interest Rate Swap

At 30 June 2014, the Group had an interest rate swap agreement in place with a notional amount of $8,761,589 whereby the Group receives a fixed rate of interest of 3.61250% and pays 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.

Management has elected not to apply hedge accounting. 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 $186,354 has been recognised in net loss from financial instrument within the statement of comprehensive income.

Interest Rate Cap

At 30 June 2014, the Group paid a premium to purchase an Interest Rate Cap to hedge a notional amount of GBP 20,737,396 ($37,408,189) whereby the Group pays a variable rate of interest GBP-LIBOR-BBA on the notional amount which is capped under the transaction at 1%.

Management has elected not to apply hedge accounting. 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 GBP 25,972 ($ 46,946) has been recognised in net loss from financial instrument within the statement of comprehensive income.

13.1 Non Current Financial Assets

	2014 $'000	2013 $'000
Financial Instruments at fair value through profit and loss		
Interest Rate Cap	**649**	-

13.2 Non Current Financial Liabilities

	2014 $'000	2013 $'000
Financial Instruments at fair value through profit and loss		
Interest Rate Swap	**147**	-

14 Non-current assets - Property, plant and equipment

	Plant and equipment $'000	Furniture, fittings and equipment $'000	Leasehold improvements $'000	Leased plant and equipment $'000	Total $'000
Year 30 June 2013					
Opening net book amount	2,201	479	3,200	7,123	13,003
Additions	2,381	85	1,094	1,747	5,307
Disposals	(49)	-	(939)	-	(988)
Exchange differences	108	24	105	764	1,001
Depreciation charge	(1,141)	(151)	(1,103)	(1,745)	(4,140)
Closing net book amount	3,500	437	2,357	7,889	14,183
At 30 June 2013					
Cost	8,356	958	9,131	10,014	28,459
Accumulated depreciation	(4,856)	(521)	(6,774)	(2,125)	(14,276)
Net book amount	3,500	437	2,357	7,889	14,183
Year 30 June 2014					
Opening net book amount	**3,500**	**437**	**2,357**	**7,889**	**14,183**
Additions	**1,079**	**83**	**715**	**-**	**1,877**
Disposals	**-**	**-**	**-**	**-**	**-**
Exchange differences	**259**	**24**	**6**	**637**	**926**
Depreciation charge	**(1,378)**	**(154)**	**(834)**	**(1,874)**	**(4,240)**
Closing net book amount	**3,460**	**390**	**2,244**	**6,652**	**12,746**
At 30 June 2014					
Cost	**9,928**	**1,092**	**10,335**	**10,852**	**32,207**
Accumulated depreciation	**(6,468)**	**(702)**	**(8,091)**	**(4,200)**	**(19,461)**
Net book amount	**3,460**	**390**	**2,244**	**6,652**	**12,746**

Finance leases

The carrying value of plant and equipment held under finance leases at 30 June 2014 was $6,652,000 (2013:$ 7,889,000). Additions during the year of $Nil (2013: $1,747,000) related to plant and equipment under finance leases. Leased assets are pledged as security for the related finance lease.

15 Non-current assets - Deferred tax assets

	2014 $'000	2013 $'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**694**	466
Financial assets at fair value through profit or loss	**26**	26
Temporary differences on intangibles	**(183)**	5,438
Accruals	**244**	420
Provisions	**1,786**	1,618
Foreign exchange differences	**50**	(48)
Listing and capital raising costs	**9**	441
Other	**190**	217
Recognition of overseas losses	**1,820**	-
Recognition of deferred tax assets re s40-880 (non-equity)	**994**	84
Recognition of deferred tax assets re s25-25 (non-equity)	**156**	63
Total deferred tax assets	**5,786**	8,725

	2014 $'000	2013 $'000
Movements:		
Opening balance at 1 July	**8,725**	8,485
Exchange differences	**-**	118
Credited/(charged) to profit or loss	**(2,915)**	119
Underprovision in prior years	**(24)**	3
Closing balance at 30 June	**5,786**	8,725

16 Non-current assets - Intangible assets

	Goodwill $'000	Business contracts and relationships $'000	Intellectual property and software development $'000	Total $'000
Year 30 June 2013				
Opening net book amount	53,080	30,146	31,720	114,946
Additions - internally generated	-	-	8,689	8,689
Exchange differences	1,062	824	(41)	1,845
Amortisation charge	-	(5,803)	(5,997)	(11,800)
Closing net book amount	54,142	25,167	34,371	113,680
At 30 June 2013				
Cost	78,226	50,792	68,120	197,138
Accumulated amortisation and impairment	(24,084)	(25,625)	(33,749)	(83,458)
Net book amount	54,142	25,167	34,371	113,680
Year 30 June 2014				
Opening net book amount	**54,142**	**25,167**	**34,371**	**113,680**
Additions - internally generated	**-**	**-**	**5,520**	**5,520**
Exchange differences	**922**	**607**	**175**	**1,704**
Amortisation charge	**-**	**(3,828)**	**(6,219)**	**(10,047)**
Closing net book amount	**55,064**	**21,946**	**33,847**	**110,857**
At 30 June 2014				
Cost	**79,316**	**51,718**	**73,968**	**205,002**
Accumulated amortisation and impairment	**(24,252)**	**(29,772)**	**(40,121)**	**(94,145)**
Net book amount	**55,064**	**21,946**	**33,847**	**110,857**

16 Non-current assets - Intangible assets (continued)

(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 eight to ten 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.

(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:

- Transfer Agency (TA)
- Wealth Management (WM)

(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.

(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 2015 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.

Cost of sales and expenses are based on detailed knowledge of the business, historic activity and detailed plans for the 2015 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.

Discount rates reflect management's estimate of the time value of money and the risks specific to each unit that are not already reflected in the cash flows. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each unit, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for country and business risk specific to the unit.

16 Non-current assets - Intangible assets (continued)

(c) Sensitivity to changes in assumptions

With regard to the assessment of the value in use of the Transfer Agency and Wealth Management CGUs, management believe that no reasonable change in any of the above key assumptions would cause the carrying values to materially exceed their recoverable amounts.

17 Current liabilities - Trade and other payables

	2014	2013
	$'000	$'000
Trade payables	**5,742**	4,228
Other payables	**4,403**	1,614
	10,145	5,842

18 Current liabilities – Borrowings

	2014	2013
	$'000	$'000
Secured		
Bank loans	**9,411**	2,806
Current portion of finance lease liability	**3,452**	2,998
Total secured current borrowings	**12,863**	5,804
Total current borrowings	**12,863**	5,804

See note 22 for further information.

19 Current liabilities – Provisions

	2014	2013
	$'000	$'000
Employee benefit liabilities	**5,364**	4,860
Rent incentive	**243**	293
	5,607	5,153

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

The provision for annual leave 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 current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount 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 long service leave or require payment within the next 12 months.

20 Current liabilities - Deferred revenue

	2014 $'000	2013 $'000
Deferred maintenance and service revenue	**19,497**	16,608

21 Current liabilities - Other current liabilities

	2014 $'000	2013 $'000
Accrued expenses	**4,085**	6,593
Deferred settlement	**207**	-
Total accrued expenses	**4,292**	6,593

22 Non-current liabilities – Borrowings

	2014 $'000	2013 $'000
Finance lease liability	**908**	4,019
Bank loans – term loan	**60,182**	17,484
	61,090	21,503

(a) Secured liabilities and assets pledged as security

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

	2014 $'000	2013 $'000
Finance lease Liability	**4,360**	7,017
Bank loans	**69,593**	20,290
	73,953	27,307

The bank loans are secured by a deed of charge and mortgage over Bravura and certain wholly-owned subsidiaries.

	2014 $'000	2013 $'000
Current		
Floating charge		
Cash and cash equivalents	**17,999**	13,754
Receivables	**24,515**	26,383
Other current assets	**2,999**	3,217
	45,513	43,354
Non-current		
Floating charge		
Receivables - non-current	**816**	-
Plant and equipment	**12,746**	14,183
	13,562	14,183
Total assets pledged as security	**59,075**	57,537

22 Non-current liabilities – Borrowings (continued)

(b) Financing arrangements

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

	2014 $'000	2013 $'000
Bank loan facilities		
Total facilities	**78,131**	33,147
Used at balance date	**76,990**	25,622
Unused at balance date	**1,141**	7,525

The bank loans as at 30 June 2014 stated in the Consolidated Statement of Financial Position included unamortised transaction costs of $2,279,000 (2013: $537,000) 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 fully drawn and amount to $5,120,000.

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 year.

(c) Finance lease liability

Finance lease liabilities of the group are payable as follows:

	2014 $'000	2013 $'000
Gross lease liabilities:		
Within one year	**3,601**	3,319
Between 2 and 5 years	**913**	4,161
After 5 years	**-**	-
	4,514	7,480
Future interest	**(154)**	(463)
Present value of finance lease liabilities	**4,360**	7,017
The present value of finance lease liabilities is payable as follows:		
Within one year	**3,452**	2,998
Between 2 and 5 years	**908**	4,019
After 5 years	**-**	-
Total over 1 year	**4,360**	7,017

23 Non-current liabilities - Deferred tax liabilities

	2014 $'000	2013 $'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**104**	60
Unrealised gain on foreign exchange	**147**	149
Intangible assets	**5,492**	4,385
Others	**486**	272
Total deferred tax liabilities	**6,229**	4,866
Movements:		
Opening balance at 1 July	**4,866**	5,839
Exchange differences		117
Credited/(charged) to profit or loss	**1,534**	(1,405)
Under provision in prior years	**(171)**	315
Closing balance at 30 June	**6,229**	4,866
Deferred tax liabilities to be settled within 12 months	**-**	-
Deferred tax liabilities to be settled after more than 12 months	**6,229**	4,866
	6,229	4,866

24 Non-current liabilities – Provisions

	2014 $'000	2013 $'000
Employee benefits - long service leave	**902**	651
Make good provision	**1,222**	1,128
	2,124	1,779

(a) Movements in provisions

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

	Make good provision 2014 $'000	Make good provision 2013 $'000
Non-current		
Carrying amount at start of year	**1,128**	734
Charged/(credited) to profit or loss		
Adjustments to provision	**50**	355
Exchange differences	**44**	39
Carrying amount at end of year	**1,222**	1,128

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 2014 based on updated estimates received to remove leasehold improvements from these leased premises and is included in the carrying amount of the leasehold improvements.

25 Non-current liabilities - Other non-current liabilities

	2014	2013
	$'000	$'000
Accrued expenses	**127**	191
Deferred settlement	**448**	-
	575	191

26 Contributed equity

	2014	2013	**2014**	2013
	Shares	Shares	**$'000**	$'000
(a) Share capital				
Ordinary shares				
Fully paid	**617,173,048**	616,648,048	**132,863**	132,758

(b) Movements in ordinary share capital

Date	**Details**	**Number of shares**	**Issue price**	**Issue price $'000**
01 Jul 11	Opening balance	648,127,461		137,775
19 Aug 11	Issue of shares	33,333,333	$0.13	4,333
Sep 11 – Jun 12	Share buy-back	(61,713,641)	$0.14	(8,714)
	Transaction costs incurred (cash)			(76)
	Transaction costs – other			59
30 Jun 12	Balance	619,747,153		133,377
01 Jul 12	Opening balance	619,747,153		133,377
Jul 12 – Sep 12	Share buy-back	(3,099,105)	$0.20	(614)
	Transaction costs incurred (cash)			(5)
30 Jun 13	Balance	616,648,048		132,758
24 Sep 13	Issue of shares	525,000	$0.20	105
30 Jun 14	Balance	617,173,048		132,863

(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.

27 Reserves and (accumulated losses)/retained earnings

	2014 $'000	2013 $'000
(a) Reserves		
Options reserve	**8,313**	9,039
Foreign currency translation reserve	**(6,681)**	(8,171)
	1,632	868

	2014 $'000	2013 $'000
Movements:		
Options reserve		
Balance 1 July	**9,039**	8,654
Share buy back	**(2,385)**	-
Share based payment - employee and executive directors	**1,659**	385
Balance 30 June	**8,313**	9,039

Movements:		
Foreign currency translation reserve		
Balance 1 July	**(8,171)**	(11,382)
Currency translation differences arising during the year	**1,490**	3,211
Balance 30 June	**(6,681)**	(8,171)

(b) Accumulated losses

	2014 $'000	2013 $'000
Balance 1 July	**(22,327)**	(24,025)
Net (loss)/profit for the year	**(14,462)**	1,698
Dividend paid	**(5,150)**	-
Balance 30 June	**(41,939)**	(22,327)

(c) Nature and purpose of reserves

(i) Options reserve
The options reserve is used to record the fair value of equity benefits provided to employees and directors as part of their compensation.

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

28 Dividends

(a) Ordinary shares

A dividend of $5,150,000 was paid during the year (2013: nil).

29 Key management personnel disclosures

(a) Directors

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

(i) Chairman - Non-executive Director
Brian Mitchell

(ii) Executive Directors
Rebecca Lowde
Tony Klim

(iii) Non-executive Directors
Trevor Perry (resigned 22 October 2013)
Neil Broekhuizen (resigned 22 October 2013)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, during the financial year:

Andrew Chesterton	Chief Operating Officer, Global Transfer Agency
Nick Parsons	Director of Business Development
Jason Tong	Chief Operating Officer, APAC
Darren Stevens	Director, Product Management and Strategy
Roland Slee	Managing Director – APAC

(c) Key management personnel compensation

	2014	2013
	$	$
Short-term employee benefits	**3,849,987**	4,110,807
Post-employment benefits	**333,929**	288,292
Other long-term benefits	**26,597**	28,937
Share-based payments	**1,470,279**	227,643
	5,680,792	4,655,679

Bonuses paid in the current year are included in short-term employee benefits which are based on the results of the prior year.

30 Contingencies

(a) Contingent liabilities

The consolidated entity had contingent liabilities at 30 June 2014 in respect of:

Bank guarantees

Guarantees given in respect of bank overdrafts and loans of subsidiaries amounting to $5,120,000 (2013: $4,795,000) for consolidated entity, secured by registered mortgages over the freehold properties of the subsidiaries.

(b) Contingent assets

The consolidated entity had no contingent assets at 30 June 2014 (2013: nil).

31 Commitments

(i) Operating leases

	2014 $'000	2013 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**4,066**	4,168
Later than one year but not later than five years	**11,314**	11,311
Later than five years	**3,202**	4,479
	18,582	19,958

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

32 Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in note 29.

(b) Subsidiaries

Interests in subsidiaries are set out in note 33.

(c) Outstanding balances arising from transactions with related parties

	2014 $'000	2013 $'000
Current payables		
Payable to Ironbridge Capital Holdings Pty Ltd	**200**	-
Payable to Bravura Solutions Holdings Pty Ltd (formerly Stockholm Solutions Holdings Pty Ltd)	**346**	-
	546	-

(d) Loans from/to related parties

	2014 $'000	2013 $'000
Loans payable to related parties		
Payable to Bravura Solutions Investments Pty Ltd (formerly Stockholm Solutions Pty Ltd)	**267**	-

The above loan is payable by Bravura Solutions (UK) Investments Limited and bears interest at a rate of 4.0959%.

	2014 $'000	2013 $'000
Loans receivable from related parties		
Receivable from Bravura Solutions Investments Pty Ltd (formerly Stockholm Solutions Pty Ltd)	**38,030**	-

The above loan is payable to Bravura Solutions Pty Ltd (formerly Bravura Solutions Limited) and bears interest at a rate of 4.0959%.

32 Related party transactions (continued)

(e) Transactions with related parties

	2014 $'000	2013 $'000
Management fee - Ironbridge Capital Holdings Pty Ltd	**200**	-
Interest on loans payable to/ receivable from Bravura Solutions Investments Pty Ltd (formerly Stockholm Solutions Pty Ltd)	**823**	-
	1,023	-

The amount of interest disclosed above is included in Other Revenue (note 4).

Disclosures relating to guarantees provided are set out in note 30(a) and note 37(b).

(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.

33 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):

Name of entity	Country of incorporation	Class of Shares	Equity holding 2014 %	Equity holding 2013 %
Bravura eCommerce Solutions Pty Limited	Australia	Ordinary	100	100
Bravura Facility Pty Limited	Australia	Ordinary	100	100
Bravura Portfolio Solutions Pty Limited	Australia	Ordinary	100	100
Bravura Solutions (Australia) Pty Limited	Australia	Ordinary	100	100
Bravura Solutions (HK) Limited	Hong Kong	Ordinary	100	100
Bravura Solutions Luxembourg Holdings S.a.r.L.	Luxembourg	Ordinary	100	100
Bravura Solutions (NZ) Limited	New Zealand	Ordinary	100	100
Bravura Solutions (UK) Holdings Limited	United Kingdom	Ordinary	100	100
Bravura Solutions (UK) Investments Limited	United Kingdom	Ordinary	100	100
Bravura Solutions (UK) Limited	United Kingdom	Ordinary	100	100
Garradin Pty Limited	Australia	Ordinary	100	100
Real Solutions Pty Limited	Australia	Ordinary	100	100
Bravura Software Solutions (SA) (Proprietary) Limited	South Africa	Ordinary	100	100
Bravura Solutions Polska Holdings S.P. ZOO	Poland	Ordinary	100	100
Bravura Solutions Polska S.P. ZOO	Poland	Ordinary	100	100

34 Events occurring after the reporting period

There have been no matters or circumstance that has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company or economic entity, the results of those operations or the state of affairs of the consolidated entity or economic entity in subsequent financial years.

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

	2014	2013
	$'000	$'000
(Loss)/Profit for the year	**(14,462)**	1,698
Depreciation and amortisation	**14,288**	15,678
Share-based payments	**1,658**	385
Non-cash finance costs and loss on disposal of fixed assets	**1,356**	(33)
Net exchange differences	**7,255**	2,382
Change in operating assets and liabilities		
(Increase) /decrease in trade debtors and other debtors	**3,941**	10,128
(Increase)/ decrease in prepayments	**218**	(456)
(Increase)/ decrease in deferred tax assets	**2,939**	(240)
Increase/ (decrease) in trade creditors	**4,303**	(1,560)
(Decrease)/ increase in provision for income taxes payable	**(1,655)**	(481)
(Decrease)/ increase in other operating liabilities	**(1,804)**	(905)
Decrease/(increase) in deferred tax liabilities	**1,363**	(973)
Net cash inflow from operating activities	**19,400**	25,623

36 Share-based payments

(a) Details of options issued

Bravura operates an ownership-based scheme for senior employees and executive directors of the consolidated entity. In accordance with the provisions of the plan, as approved by shareholders at a previous annual general meeting, executives and senior employees may be granted options to purchase parcels of ordinary shares at an exercise price as specified below.

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

The number of options is based on the level of seniority and other qualitative and quantitative measures as recommended by the Remuneration Committee. The options granted expire within three years of their issue.

There were no options granted in FY2014 (FY13 Nil).

The directors of Bravura exercised their discretion to accelerate the vesting for performance rights as at 10 October 2013 (being the date that the Scheme Implementation Agreement was effected and the share capital of Bravura was acquired by Bravura Solutions Investments Pty Ltd (formerly Stockholm Solutions Pty Limited)). The vested options at this date were paid out in cash. The cash payment is accounted for as a buy-back of fully vested options and rights held by existing Bravura employees.

36 Share-based payments (continued)

(b) Fair values of the options

The options granted by Bravura during previous financial years were valued using a trinomial Black-Scholes option pricing model. The assumptions used were as follows:

Dividend yield	*Expected volatility*	*Risk-free interest rate*	*Expected term*	*Stock price*	*Option exercise price*
0.00%	50.91%	2.38%	3 years	$0.155	$0.00

The following table illustrates the number (No.) and weighted average exercise prices (WAEP $) of share options issued under the Bravura Option Plan.

	2014 No.	**2014 WAEP $**	2013 No.	2013 WAEP $
Outstanding at the beginning of the year	**11,778,832**	**0.07**	12,370,524	0.13
Granted during the year	**-**	**0.00**	-	0.00
Exercised during the year	**(525,000)**	**0.20**	-	-
Lapsed/cancelled during the year	**-**	**0.00**	(591,692)	1.45
Buy-back of equity	**(11,253,832)**	**0.28**	-	-
Outstanding at the end of the year	-	-	11,778,832	0.07
Exercisable at the end of the year	-	-	4,351,102	0.18

37 Parent Entity financial information

(a) Summary financial information

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

	2014 $'000	2013 $'000
Balance sheet		
Current assets	**26,877**	15,624
Non-current assets	**119,768**	142,375
Total assets	**146,645**	157,999
Current liabilities	**18,842**	60,597
Non-current liabilities	**18,353**	5,306
Total liabilities	**37,195**	65,903
Net assets	**109,450**	92,096
Shareholders' equity		
Contributed equity	**132,863**	132,759
Reserves	**8,313**	9,039
Accumulated losses	**(31,726)**	(49,702)
	109,450	92,096
Loss for the year	**(17,975)**	(2,303)
Total comprehensive loss	**(17,975)**	(2,303)

37 Parent Entity financial information (continued)

(b) Guarantees entered into by the Parent Entity

The parent entity has provided financial guarantees in respect of bank overdrafts and loans of subsidiaries amounting to $971,000 (2013: $4,795,000), secured by registered mortgages over the freehold properties of the subsidiaries.

A liability has been recognised in relation to these financial guarantees in accordance with the policy set out in notes 1(o) and 1(ac).

(c) Contingent liabilities of the Parent Entity

The parent entity did not have any contingent liabilities as at 30 June 2014 (30 June 2013: $nil). Information about guarantees given by the parent entity are detailed above.

The Parent has agreed to provide financial support to various subsidiaries within the group to assist in meeting their liabilities as and when they fall due.

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

As at 30 June 2014, the parent entity had contractual commitments for the acquisition of property, plant or equipment totalling $nil (2013: $nil). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 6 to 45 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards – Reduced Disclosure Requirements, the *Corporations Regulations 2001*, and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date.

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

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

Brian Mitchell
Chairman and Non-Executive Director

Sydney

5 September 2014

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

Report on the financial report

We have audited the accompanying financial report of Bravura Solutions Pty Limited, which comprises the consolidated statement of financial position as at 30 June 2014, 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 the period's end or from time to time during the financial period.

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 – Reduced Disclosure Requirements 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.

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 given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the financial report.

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Opinion

In our opinion the financial report of Bravura Solutions Pty Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the financial position of the consolidated entity at 30 June 2014 and of its performance for the period ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Ernst & Young

E A Lang
Partner
Sydney
5 September 2014

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