Australian Securities & Investments Commission

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Form 388
Corporations Act 2001
294, 295, 298-300, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08

Copy of financial statements and reports

Company details

Company name

AIRTASKER PTY LTD

ACN

149 850 457

Reason for lodgement of statement and reports

A large proprietary company that is not a disclosing entity

Dates on which financial year ends

Financial year end date

30-06-2018

Details of large proprietary company

What is the consolidated revenue of the large proprietary company and the entities that it controls?

11424440

What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

22492121

How many employees are employed by the large proprietary company and the entities that it controls?

98

How many members does the large proprietary company have?

36

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

No

Details of current auditor or auditors

Current auditor

Date of appointment **18-07-2016**

Name of auditor

RSM AUSTRALIA PARTNERS

Address

LEVEL 13
60 CASTLEREAGH STREET
SYDNEY NSW 2000

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form

Secretary

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been submitted by

Name Nathan CHADWICK
Date 23-12-2019

For more help or information

Web	www.asic.gov.au
Ask a question?	www.asic.gov.au/question
Telephone	1300 300 630

Airtasker Pty Ltd and Controlled Entities

ABN 53 149 850 457

Special Purpose Financial Statements
for the year ended 30 June 2018

Airtasker Pty Ltd and Controlled Entities

For the year ended 30 June 2018

Airtasker Pty Ltd and Controlled Entities

Directors' report

The directors present their report together with the financial statements, on Airtasker Pty Ltd (the Company) together with it's Controlled Entities (the Group) for the year ended 30 June 2018.

Director

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

Timothy John Fung
Peter Hammond
James Spenceley
Xiaofan Bai
Jonathan See-Chun Lui
Tyler Tan (appointed 13 October 2017)
Alan Stuart (appointed 6 July 2018)
Timothy Worner (appointed 2 February 2018) (resigned 8 June 2018)
Jennifer Anne Hosie (resigned 19 December 2017)

Principal activities

Airtasker Pty Ltd is a Sydney-based Australian Group which provides an online and mobile marketplace enabling users to outsource everyday tasks. Users describe the task and indicate a budget, community members then bid to complete the task.

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

Significant changes in state of affairs

There have been no significant changes to the Group's state of affairs during the year ended 30 June 2018.

Review of operations

During the year to June 2018 Airtasker has continued to achieve a strong increase in marketplace traction and sales volume growth. Overall, the Airtasker Community in Australia grew from 1.4m to 2.2m members whilst posted task opportunities increased from 80,000 per month to 130,000 per month.

Airtasker UK Limited was formed in August 2017 ahead of a platform launch in London in March 2018. In the first 3 months, Airtasker UK has already grown to volumes that took 3 years to achieve following the launch of Airtasker Australia. Airtasker UK is now preparing to launch more rapidly into further cities providing a huge total addressable market opportunity.

To that end the company has focused on:

- Building a world class software engineering team
- Creating best practice people operations, data science and quality automation functions
- Forming a cross-functional, fully stacked product growth team

The Company continues to invest heavily in talent and ended the year with a workforce of 92 employees in Australia and 6 employees in the UK (2017: 61) staff. On 11 September 2018 Airtasker was listed by Linkedin as one of 25 of the most sought-after startups to work at in Australia.

The year to June 2018 has been an awesome step of the journey but we are far more excited about the opportunity that lies ahead – to scale further across the world whilst being laser focussed on delivering our mission: to empower people to realise the value of their skills.

Dividends

No dividends have been paid or declared since the start of the financial year.

Events subsequent to the end of the reporting period

Subsequent to 30 June 2018, investors subscribed for 11.6m in Convertible Notes which mature in two distinct tranches, being 1 December 2018 and 1 March 2019. The notes have a face value of $1 with all outstanding amounts due on the notes converting into ordinary shares. Interest is paid monthly in arrears at a rate of 8% per annum based on the face value. The funds from the Convertible Notes issues are being used to be provide working capital for Australia and to continue the Group's expansion into the UK.

The completion date for the Note raise is 30 September 2018.

Other than the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Environmental regulation

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

Options

There were 3,757 options issued over the shares or interests in the Company that were granted during the financial year and there are 18,042 options outstanding at the date of this report.

Indemnification of officers

During and since the financial year, the Company has paid premiums to insure all directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity as director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred by such an officer or auditor.

Proceedings on behalf of the Company

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

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

The auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 6.

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

DocuSigned by:
0054AB654DA34FD...
Timothy John Fung
Director

DocuSigned by:
James Spenceley
0C6296C2EE7746D...
James Spenceley
Director

Dated: 10/8/2018 8:03:44 PM PDT

RSM Australia Partners
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GPO Box 5138 Sydney NSW 2001
T +61 (0) 2 8226 4500
F +61 (0) 2 8226 4501
www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Airtasker Pty Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

RSM

RSM AUSTRALIA PARTNERS

GNS

G N SHERWOOD
Partner

Sydney, NSW
Dated: 8 October 2018

Airtasker Pty Ltd and Controlled Entities

Consolidated statement of comprehensive income for the year ended 30 June 2018

	Notes	2018 $	2017 $
Revenue	2	**11,424,440**	5,468,341
Cost of sales		**(1,493,375)**	(936,431)
Gross profit		**9,931,065**	4,531,910
Other income	2	**162,129**	97,609
Employee benefits expense		**(12,935,445)**	(2,697,530)
Marketing and advertising expenses		**(10,914,889)**	(8,514,202)
Share based payment expense		**(43,164)**	7,489
Administration expenses		**(2,163,380)**	(1,087,773)
Technology development expenses		**(3,120,493)**	(890,201)
Depreciation and amortisation	3	**(440,235)**	(2,335,915)
Impairment losses		**(2,523,053)**	(1,443,036)
Other expenses		**(1,443,336)**	(514,844)
Loss before income tax		**(23,490,801)**	(12,846,493)
Income tax expense		**-**	-
Loss for the year		**(23,490,801)**	(12,846,493)
Other comprehensive loss			
Exchange differences on translation for foreign operations		**(45,868)**	-
Total comprehensive loss for the year		**(23,536,669)**	(12,846,493)

Airtasker Pty Ltd and Controlled Entities

Consolidated statement of financial position as at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current assets			
Cash and cash equivalents	4	**8,733,336**	4,286,664
Trade and other receivables	5	**4,270,154**	1,728,707
Other current assets	6	**7,631,822**	6,040,182
Inventory	7	**9,529**	15,955
Total current assets		**20,644,841**	12,071,508
Non-current assets			
Property, plant and equipment	8	**1,038,766**	782,135
Intangibles	9	**611,703**	1,379,307
Other non-current assets	6	**196,811**	139,553
Total non-current assets		**1,847,280**	2,300,995
Total assets		**22,492,121**	14,372,503
LIABILITIES			
Current liabilities			
Trade and other payables	10	**3,948,145**	3,307,271
Provisions	11	**442,115**	188,678
Total current liabilities		**4,390,260**	3,495,949
Non-current liabilities			
Provisions	11	**35,485**	24,906
Total non-current liabilities		**35,485**	24,906
Total liabilities		**4,425,745**	3,520,855
Net assets		**18,066,376**	10,851,648
Equity			
Issued capital	12	**62,431,284**	31,723,051
Reserves		**267,004**	269,708
Accumulated losses		**(44,631,912)**	(21,141,111)
Total equity		**18,066,376**	10,851,648

Airtasker Pty Ltd and Controlled Entities

Consolidated statement of changes in equity for the year ended 30 June 2018

	Notes	Issued capital $	Share options reserve $	Foreign currency translation reserve $	Accumulated losses $	Total $
Balance at 1 July 2016		27,007,919	277,197	-	(8,294,618)	18,990,498
Comprehensive loss						
Loss for the year		-	-	-	(12,846,493)	(12,846,493)
Total comprehensive loss for the year		-	-	-	(12,846,493)	(12,846,493)
Transactions with owners, in their capacity as owners						
Share capital raised	12	10,058,993	-	-	-	10,058,993
Share capital repurchased	12	(5,343,861)	-	-	-	(5,343,861)
Decrease in reserves		-	(7,489)	-	-	(7,489)
Total transactions with owners, in their capacity as owners		4,715,132	(7,489)	-	-	4,707,643
Balance as at 30 June 2017		31,723,051	269,708	-	(21,141,111)	10,851,648
Balance at 1 July 2017		**31,723,051**	**269,708**	**-**	**(21,141,111)**	**10,851,648**
Comprehensive loss						
Loss for the year		**-**	**-**	**-**	**(23,490,801)**	**(23,490,801)**
Other comprehensive loss		**-**	**-**	**(45,868)**	**-**	**(45,868)**
Total comprehensive loss for the year		**-**	**-**	**(45,868)**	**(23,490,801)**	**(23,536,669)**
Transactions with owners, in their capacity as owners						
Share capital raised	12	**35,701,937**	-	**-**	**-**	**35,701,937**
Share capital repurchased	12	**(4,993,704)**	-	**-**	**-**	**(4,993,704)**
Increase in reserve		**-**	**43,164**	**-**	**-**	**43,164**
Total transactions with owners, in their capacity as owners		**30,708,233**	**43,164**	**-**	**-**	**30,751,397**
Balance as at 30 June 2018		**62,431,284**	**312,872**	**(45,868)**	**(44,631,912)**	**18,066,376**

Airtasker Pty Ltd and Controlled Entities

Consolidated statement of cash flows for the year ended 30 June 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		**11,430,374**	3,805,007
Payments to suppliers and employees		**(27,380,999)**	(9,469,357)
Interest received		**162,129**	93,870
Net cash (used in) operating activities	15	**(15,788,496)**	(5,570,480)
Cash flows from investing activities			
Payments for intangible assets		**(763,983)**	(3,093,435)
Payments for property, plant and equipment		**(536,129)**	(786,832)
Net cash (used in) investing activities		**(1,300,112)**	(3,880,267)
Cash flows from financing activities			
Net proceeds from share capital raised		**26,528,984**	9,788,335
Payments for share capital repurchased		**(4,993,704)**	(5,343,861)
Net cash provided by financing activities		**21,535,280**	4,444,474
Net increase / (decrease) in cash held		**4,446,672**	**(5,006,273)**
Cash and cash equivalents at the beginning of the financial year		**4,286,664**	9,292,937
Cash and cash equivalents at the end of financial year	4	**8,733,336**	4,286,664

1 Summary of significant accounting policies

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

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

(a) Basis of preparation

The directors have prepared the financial statements on the basis that the Group is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 28 September 2018 by the Board of Directors.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Airtasker Pty Ltd ("Group" or "parent entity") as at 30 June 2018 and the results of all subsidiaries for the year then ended. Airtasker Pty Ltd and its subsidiaries together are referred to in these financial statements as the Group or the Consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

1 Summary of significant accounting policies (continued)

Accounting policies (continued)

(c) Foreign currency translation

(i) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Airtasker Pty Ltd's functional and presentational currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attribute to part of the net investment in a foreign operation.

(iii) Group companies

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

• assets and liabilities for each consolidated balance sheet presented are translated at the closing rate at the date of that consolidated balance sheet;

• income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing in the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

• all resulting exchange differences are recognised in other comprehensive income.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1 Summary of significant accounting policies (continued)

Accounting policies (continued)

(d) Revenue recognition

The Group's net revenues result from transactions and other fees generated in its online marketplace.

Task Commission:
Revenues are recognised in relation to Task Commission when the following has occurred in related to services rendered in relation to posted tasks:
• The task has been posted and accepted by the poster and the tasker
• The amount of revenue can be measured reliably
• It is probable that the economic benefits associated with the transaction will flow to the entity
• The costs incurred for the transaction and the costs to complete the transaction can be measured reliably

This represents a change in business practice from the prior year when revenue was recognised based on when tasks were completed. The change in business practice was effected as a result of the change in the Terms and Conditions associated with the Airtasker Platform.

Gift Card Revenue:
Gift card revenue (breakage) from the sale of gift cards is recognised when the card has expired, or when the gift card is no longer expected to be redeemed. The key assumption in measuring the liability for gift cards and vouchers is the expected redemption rates by customers, which are reviewed based on historical information. Any reassessment of expected redemption rates in a particular period impacts the revenue recognised from expiry of gift cards and vouchers (either increasing or decreasing). Any reasonably possible change in the estimate is unlikely to have a material impact on the financial statements.

Expired Airtasker Credit:
Expired Airtasker credit revenue (escrow monies) is recognised as revenue twelve months from the last date Airtasker Credit is topped up or the stored value card is purchased by the holder. If a Task Payment cannot be transferred to the Airtasker tasker or the Job Poster or no claim is made for a Task Payment, the Task Payment will remain in the Escrow Account until paid for up to three months from the date the Job Poster initially paid the Task Payment into the Escrow Account. Following the three months the Task Payment will be automatically converted into Airtasker credit. Airtasker credit expires after 12 months, and consequently, Airtasker Credit Revenue is recognised as revenue twelve months from the last date Airtasker Credit is topped up and remains unused.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

(e) Inventories

Inventories including finished goods and goods in transit are measured at the lower of cost and net realisable value. Costs are assigned on a first-in, first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

1 Summary of significant accounting policies (continued)

Accounting policies (continued)

(f) Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation
The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Leasehold improvements	3 - 10 years
Plant and equipment	3 - 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in the profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(g) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in the profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of two years. The capitalised development costs are shown net of research and development tax offset credits.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

1 Summary of significant accounting policies (continued)

Accounting policies (continued)

(h) Trade and other receivables

Trade receivables are recognised initially at the transaction price (cost) and are subsequently measured at cost less provision for impairment. Most sales are made on the basis of normal credit terms and do not bear interest. Where credit is extended beyond normal credit terms and is more than 12 months, receivables are discounted to present value.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables include loans granted by the Group and are discounted to present values using the interest rate inherent in the loan.

(i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

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

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

(j) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(k) Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of 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 the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(l) Impairment of assets

At the end of each reporting period, property, plant and equipment, intangible assets and investments are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and the present value of the asset’s future cash flows discounted at the expected rate of return. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in the profit or loss.

1 Summary of significant accounting policies (continued)

Accounting policies (continued)

(m) Trade and other payables

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms and do not bear interest.

(n) Employee benefits

Short-term employee benefits
Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee benefits
Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in the profit or loss as a part of employee benefits expense.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(o) Cash and cash equivalents

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

(p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(q) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1 Summary of significant accounting policies (continued)

Accounting policies (continued)

(r) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Government grants

Government grants related to assets, including non-monetary grants at fair value, have been presented in the statement of financial position by deducting the grant before arriving at the carrying amount of the asset. Assets in relation to governments grants receivable are recognised in the year in which the expenditure was incurred.

(t) Rounding of amounts

The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(u) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(v) Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

(w) Key estimates and judgements

(i) Revenue Recognition and Impairment Considerations

Revenues are recognised in relation to Task Commission when the task has been posted and accepted by the “poster” and the “tasker”. Management and Board have exercised their judgement in determining that it is probable that the economic benefits associated with the transaction will flow to the entity at the time the tasks are assigned on the basis that the funds to complete the task are held by Airtasker until such time as the tasks are completed or cancelled. Management has further exercised their judgement in determining that any uncertainty around the probability of the collection of these revenues results subsequent to the assignment of the tasks when the task remains incomplete or is cancelled. While the task commission remains due and payable by the tasker, the Group has determined that the costs associated with pursuing this debt exceed the potential benefit, and pursuing such debt would have an adverse impact on customer relations. As such, management have exercised their judgement and determined that impairment losses of $2,523,053 in relation to tasks cancelled or incomplete are appropriate under the circumstances.

1 Summary of significant accounting policies (continued)

Accounting policies (continued)

(w) Critical accounting estimates and judgements (continued)

(ii) Platform development costs

The capitalisation of expenditure incurred on the development of the community platform ("Airtasker.com") has been based on the development expenditure claimed in the research and development tax offset scheme. There is a degree of judgement and estimation uncertainty in relation to the costs that can be capitalised in relation to the development of the community platform. These amounts have been capitalised on the basis that the directors consider the expenditure to meet the recognition criteria of development costs as defined by AASB 128 Intangible Assets. Management and Board have considered the carrying value of the intangible assets and have exercised their judgement in determining the assets are not impaired.

(iii) Deferred tax

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that the future taxable profit will be available against which the benefits of the deferred tax can be utilised. The ability to generate taxable profit is contingent on the successful commercialisation of the community platform and consequently, the directors consider it prudent not to raise any deferred tax assets in the statement of financial position until such time as there is more certainty in relation to the commercialisation of the platform and its related revenue streams.

(iv) Research and development tax offset scheme

Refundable research and development credits received from the research and development tax offset scheme are accounted for as a government grant as per AASB 120. Consequently, a credit is been recognised in the same period necessary to match the benefit of the credit with the capitalised costs for which it is intended to compensate. This credit has been presented as a reduction in the cost of the asset resulting in reduced costs in respect of the annual amortisation charges for capitalised development costs.

(v) Equity participation plan valuation

Participating in employee share ownership plans meet the criteria of a equity-settled share-based payment transactions as per AASB2. The Group has recognised the fair value of the goods or services received, and the corresponding increase in equity based on the fair value of the equity transaction. There is a degree of judgement in estimating the fair value of equity instruments granted. The fair value of the options issued have been based on the latest market prices, taking into account the terms and conditions upon which those equity instruments were granted. The Group has used the services of an expert to assist them in determining fair value of the shares and options issued.

(vi) Impairment - general

The Group assesses impairment at the end of each year by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(vii) Intangible assets - useful life

There is a degree of estimation uncertainty in respect of the determination of the useful life of the Airtasker platform and its related intangible assets. Management and the board have considered the nature of the asset, the technology used to develop the asset, the market conditions, and various other factors in determining that the platform development costs should be amortised over two years.

	2018 $	2017 $

2 Revenue and other income

	2018 $	2017 $
Revenue		
Task commission	**9,609,373**	5,095,992
Processing fee income	**86,636**	84,919
Other take fees	**949,940**	99,880
Expired Airtasker credit	**778,491**	187,550
	11,424,440	5,468,341
Other income		
Interest income	**158,776**	93,870
Other income	**3,353**	3,739
	162,129	97,609

3 Expenses

	2018 $	2017 $
Depreciation and amortisation		
Depreciation of property, plant and equipment	**279,498**	114,502
Amortisation of non-current assets	**160,737**	2,221,413
	440,235	2,335,915

Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Group:

	2018 $	2017 $
Audit and review of financial statements	**34,000**	20,000
Other non-audit services	**4,000**	3,000
	38,000	23,000

4 Cash and cash equivalents

	2018 $	2017 $
Cash at bank	**8,733,336**	4,286,664

5 Trade and other receivables

	2018 $	2017 $
Trade receivables	**363,492**	55,872
Shareholder receivable (see Note 12)	**2,999,406**	-
Less: provision for doubtful debts	**(2,466)**	-
	3,360,432	55,872
Other receivables	**256,080**	8,784
Government grant receivable (i)	**653,642**	1,664,051
	4,270,154	1,728,707

(i) Reconciliation of government grant receivable

	2018 $	2017 $
Amounts due from the Australian Tax Office	**1,159,815**	1,664,051
Amounts due to the Australian Tax Office	**(506,173)**	-
Net government grant receivable	**653,642**	1,664,051

See Note 9 for further details on the movement in government grant receivables.

6 Other assets

	2018 $	2017 $
CURRENT		
Deposits and bonds paid	**7,982**	14,767
Prepayments	**404,362**	119,131
Funds in escrow (see Note 10)	**3,006,370**	1,519,199
Advertising receivable (i)	**4,213,108**	4,387,085
	7,631,822	6,040,182
NON-CURRENT		
Deposits and bonds paid	**196,811**	139,553
	196,811	139,553

(i) During the year ended 30 June 2018, the Group issued 9,235 shares totalling $7,000,130 to Seven West Media Investments Pty Limited. The shares were partly paid immediately on the issue of the share capital to the value of $1,000,560 (being $108.35 per share). The remaining balance of $5,999,570 will be settled in exchange for advertising services provided by Seven West Media. During the current year, advertising services rendered amounting to $6,173,547 were offset against the advertising contra, resulting in a residual balance as at 30 June 2018 of $4,213,108. The Group's operational plan, reflects the Group will utilise the full balance of the remaining advertising services in the twelve months subsequent to 30 June 2018, consequently $4,213,108 has been classified as current in accordance with AASB101.

7 Inventory

	2018 $	2017 $
Clothing merchandise - at cost	**9,529**	15,955

8 Plant and equipment

	2018 $	2017 $
Furniture and fixtures	**57,027**	38,925
Less: accumulated depreciation on furniture and fixtures	**(17,198)**	(11,630)
Total furniture and fixtures	**39,829**	27,295
Computer equipment	**422,531**	223,550
Less: accumulated depreciation on computer equipment	**(228,796)**	(89,684)
Total computer equipment	**193,735**	133,866
Leasehold improvements	**971,981**	652,862
Less: accumulated depreciation on leasehold improvements	**(166,779)**	(31,888)
Total leasehold improvements	**805,202**	620,974
Total plant and equipment	**1,038,766**	782,135

9 Intangible assets

	2018 $	2017 $
Patents and trademarks	**36,545**	22,470
Formation expenses at cost	**33,951**	6,706
Less: accumulated amortisation on formation expenses	**(7,056)**	(6,706)
Total formation expenses	**26,895**	-
Platform development costs	**7,640,263**	10,477,934
Less accumulated R&D tax offset credits received / receivable	**(3,399,481)**	(4,409,891)
Less accumulated impairment on platform development costs	**(231,122)**	(231,122)
Less accumulated amortisation on airtasker.com development	**(3,461,397)**	(4,480,084)
Total capitalised development cost	**548,263**	1,356,837
Total intangible assets	**611,703**	1,379,307

(i) Reconciliation of platform development cost

	2018 $	2017 $
Opening balance	**1,356,837**	820,029
Development costs incurred	**668,417**	4,379,083
Net adjustment to prior year draft R&D tax estimates (i)	**(1,586,261)**	-
Amortisation	**(106,141)**	(2,176,867)
Research and development tax offset refundable to the ATO	**506,173**	-
Research and development tax offset credits received / receivable	**(290,762)**	(1,665,408)
Closing balance	**548,263**	1,356,837

(i) The Company received notification from Innovation and Science Australia (the Board) notifying them of the decision under s27J of the IR&D Act, about its registration for the R&D Tax Incentive for the 2014/15 & 2015/16 financial years. Prior to the notification being received, the Company had voluntarily reduced its R&D expenditure in the claims under investigation by $183,895 and $940,934 respectively. The receipt of this notice may result in an obligation to refund the remaining R&D Tax Incentives received for the 2014/15 and 2015/16 financial years and potentially brings into question the refunds receivable for the 2016/17 and 2017/18 financial years. The total exposure in relation to 2014/15 and 2015/16 are $537,753 and $918,447 respectively. The potential claim that may be at risk in relation to the 2016/17 and 2017/18 financial years are $869,053 and $290,761.

10 Trade and other payables

	2018 $	2017 $
Trade payables	**1,443,472**	1,847,218
Other payables and accruals	**630,772**	164,451
Deferred income	**7,700**	39,572
Escrow liability (i)	**1,866,201**	1,256,030
Total trade and other payables	**3,948,145**	3,307,271

(i) Escrow asset and corresponding liability refers to the funds paid by "task posters" which are held by a third party until the task has been completed, at which point the funds are disbursed (net of the Airtasker service fee) to the designated "task tasker". The difference between the escrow receivable and payable is as a result of actual breakage receivable of $342,796 from the third party, estimated additional breakage of $555,088 that has been released into revenue from the liability and income recognised on tasks being assigned of $242,285.

11 Provisions

	2018 $	2017 $
CURRENT		
Employee entitlements	**442,115**	188,678
NON-CURRENT		
Employee entitlements	**35,485**	24,906

	2018	2017
	$	$

12 Issued capital

	2018 $	2017 $
281,432 (2017: 209,724) fully paid ordinary shares	**58,586,952**	27,451,036
Paid share capital (i)	**2,999,406**	-
9,235 (2017: 40,430) partly paid ordinary shares (ii)	**1,000,612**	4,387,085
Share raising costs - net of amortisation	**(155,686)**	(115,070)
	62,431,284	31,723,051

(i) The Group entered into a share subscription agreement with an investor in March 2018 whereby the investor would purchase 5,277 shares for $3,999,966 in two tranches. The first tranche was for 1,320 shares at $1,000,560 which shares were paid for in March 2018. The second tranche was for 3,957 shares at $2,999,406 and was completed on 30 August 2018.

Airtasker has effectively issued a right to receive future shares in return for cash. Therefore a credit has been recognised into equity of $2,999,406 being the total future consideration receivable on the transaction. A corresponding receivable has been recorded in trade and other receivables (see Note 5).

(ii) During the year ended 30 June 2018, the Group issued 9,235 shares at $758 per ordinary share, totalling $7,000,130 to Seven West Media Investments Pty Limited. As at the balance date, these shares have been partly paid up to an amount of $301.79 per share or $2,787,022.

The Group has authorised share capital amounting to 290,667 ordinary shares of no par value.

	30 June 2018 No.	**30 June 2017 No.**	**30 June 2018 $**	**30 June 2017 $**
Balance at the beginning of the year	**250,154**	241,031	**31,723,051**	27,007,919
Shares issued during the year	**43,144**	32,244	**32,703,152**	10,073,348
Paid share capital	**3,957**	-	**2,999,406**	-
Share buy-back	**(6,588)**	(23,121)	**(4,993,704)**	(5,343,861)
Share raising costs	**-**	-	**(621)**	(14,355)
Balance at end of the year	**290,667**	250,154	**62,431,284**	31,723,051

13 Reserves and accumulated losses

(a) Reserves

	2018 $	2017 $
Foreign currency translation reserve	**(45,868)**	-

Movements:

	2018 $	2017 $
Foreign currency translation reserve		
Balance 1 July	**-**	-
Currency translation differences arising during the year	**(45,868)**	-
Balance 30 June	**(45,868)**	-

(b) Accumulated losses
Movements in accumulated losses were as follows:

	2018 $	2017 $
Opening balance	**(21,141,111)**	(8,294,618)
Loss for the year	**(23,490,801)**	(12,846,493)
Balance 30 June	**(44,631,912)**	(21,141,111)

14 Options

	2018	2017
Opening balance	**14,988**	15,207
Options granted	**3,757**	89
Options lapsed	**(703)**	(308)
Balances at 30 June 2018	**18,042**	14,988

	2018	2017
	$	$

15 Cash flow information

Reconciliation of cash flow from operations with loss after income tax

	2018	2017
Loss after income tax	**(23,490,801)**	(12,846,493)
Non-cash flows in loss:		
- depreciation	**279,498**	114,502
- amortisation	**160,737**	2,221,413
- non-cash release of marketing expenses	**6,173,547**	3,613,203
Changes in assets and liabilities:		
- Decrease in receivables	**1,828,809**	(26,958)
- (Increase) in other assets	**(1,822,875)**	(197,079)
- Decrease in inventories	**6,426**	9,535
- Increase in payables	**812,147**	1,443,194
- Increase in provisions	**264,016**	98,203
	(15,788,496)	(5,570,480)

16 Lease commitments

	2018	2017
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	**519,164**	375,398
One to five years	**823,363**	627,264
	1,342,527	1,002,663

Operating lease commitments includes contracted amounts for office premises under non-cancellable operating leases expiring within one to five years.

17 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(b).

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2018	2017
			%	%
Airtasker (AU) Pty Ltd	Australia	Ordinary	**100**	-
Airtasker UK Pty Ltd	UK	Ordinary	**100**	-

18 Contingent liabilities

The Company received notification from Innovation and Science Australia (the Board) notifying them of the decision under s27J of the IR&D Act, about its registration for the R&D Tax Incentive for the 2014/15 & 2015/16 financial years. Prior to the notification being received, the Company had voluntarily reduced its R&D expenditure in the claims under investigation by $183,895 and $940,934 respectively. The receipt of this notice may result in an obligation to refund the remaining R&D Tax Incentives received for the 2014/15 and 2015/16 financial years and potentially brings into question the refunds receivable for the 2016/17 and 2017/18 financial years. The total exposure in relation to 2014/15 and 2015/16 are $537,753 and $918,447 respectively. The potential claim that may be at risk in relation to the 2016/17 and 2017/18 financial years are $869,053 and $290,761.

Given the status of the investigation, the directors are of the opinion, based on independent professional and legal advice, that the Group's claims will not be found to be misstated. Accordingly, no provision has been provided within these financial statements.

19 Events after the balance sheet date

Subsequent to 30 June 2018, investors subscribed for 11.6m in Convertible Notes which mature in two distinct tranches, being 1 December 2018 and 1 March 2019. The notes have a face value of $1 with all outstanding amounts due on the notes converting into ordinary shares. Interest is paid monthly in arrears at a rate of 8% per annum based on the face value. The funds from the Convertible Notes issues are being used to be provide working capital for Australia and to continue the Group's expansion into the UK.

The completion date for the Note raise is 30 September 2018.

Other than the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

20 Parent entity financial information

(a) Summary financial information

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

	2018 $	2017 $
Balance sheet		
Current assets	**22,596,557**	12,071,508
Non-current assets	**1,719,620**	2,300,995
Total assets	**24,316,177**	14,372,503
Current liabilities	**3,961,298**	3,495,949
Non-current liabilities	**29,571**	24,906
Total liabilities	**3,990,869**	3,520,855
Net assets	**20,325,308**	10,851,648
Issued capital	**62,431,284**	31,723,051
Reserves	**312,872**	269,708
Accumulated losses	**(42,418,848)**	(21,141,111)
	20,325,308	10,851,648
Loss for the year	**(21,277,737)**	(12,846,493)
Other comprehensive income	**-**	-
Total comprehensive loss	**(21,277,737)**	(12,846,493)

21 Group details

The registered office of the Group is:
Charternet Services Pty Limited
2003 Level 20, 109 Pitt Street, Sydney NSW 2000

The principal place of the Group is:
Level 3, 71 York Street, Sydney NSW 2000

Airtasker Pty Ltd and Controlled Entities

Directors' declaration

In accordance with a resolution of the directors of Airtasker Pty Ltd and Controlled Entities, the directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 25, are in accordance with the Corporations Act 2001 and:
   a. comply with Australian Accounting Standards; and
   b. give a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

DocuSigned by:
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Timothy John Fung
Director

DocuSigned by:
James Spenceley
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James Spenceley
Director

Dated: 10/8/2018 8:03:44 PM PDT

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INDEPENDENT AUDITOR'S REPORT

To the Members of Airtasker Pty Ltd

Opinion

We have audited the financial report of Airtasker Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows or the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM

RSM AUSTRALIA PARTNERS

GNS

G N SHERWOOD
Partner

Sydney, NSW
Dated: 14 October 2018