

## Notes to the Financial Statements for the financial year ended 31 October 2016

### 29. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

#### c) Cash balance not available for use

The cash balance not available for use (classified as other current assets) as at 31 October 2015 is \$0.444 million (2015: \$1.059 million). The cash balance which is not available for use is held as security by the financial institutions in relation to a financial guarantee that has been issued on behalf of the Company.

### 30. FINANCIAL INSTRUMENTS

#### a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

#### b) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group includes cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. At 31 October 2016 the Group had bank borrowings of \$ nil (2015: \$ 3.0m), and borrowings from related party shareholders of \$11.8m (2015: \$16.5m). The Group has no other borrowings (2015: nil). Operating cash flows and advances from borrowings are used to maintain and expand the Group's assets as well as to pay for operating expenses, tax liabilities and software development activities.

#### c) Financial Risk Management Objectives

The Group's activities expose it to a variety of financial risks: market risk (including currency and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial and exchange rate markets and seeks to minimise potential adverse effects on the Group's performance. A risk management framework, including the policy on use of financial derivatives is governed by the Board of Directors. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### d) Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and changes in market interest rates. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risks from the previous period.