

# **Credit Clear Pty Ltd & Controlled Entities**

ABN: 48 604 797 033

## **Financial Statements**

For the Year Ended 30 June 2019

# Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

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For the Year Ended 30 June 2019

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# Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

## Directors' Report

30 June 2019

The directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2019.

### 1. General information

#### Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Francesco Michael Romano

Gerd Guido Schenkel

Hugh Walter Robertson

Mark James Casey

Lewis James Romano (Appointed 16 November 2018)

Marcus Colin Price (Appointed 12 February 2020)

Daniel Andrew Cookes (Resigned 28 August 2018)

Simon Francesco Scalzo (Resigned 21 December 2018)

Stephen John Borg (Resigned 21 December 2018)

#### Company secretary

Mike Von Tauschek has been the company secretary since 12 December 2019.

Previously, Victor Peplow held the position of company secretary to 20 December 2019.

#### Principal activities

The principal activity of Credit Clear Pty Ltd & Controlled Entities during the financial year was the development and implementation of an online mobile payment platform.

No significant changes in the nature of the Group's activity occurred during the financial year.

### 2. Operating results and review of operations for the year

#### Operating results

The loss of the Group after providing for income tax amounted to \$ (3,546,667) (2018: \$ (3,219,932) loss).

#### Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

#### Review of operations

A review of the operations of the Group during the financial year and the results of those operations show that revenue increased significantly. The company also continued to invest in the system platform to meet client demands as well as expand the sales capability.

## Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

### Directors' Report

30 June 2019

#### 3. Other items

##### Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Group during the year.

##### Events after the reporting date

1. During December 2019, the Group completed a successful capital raise totalling \$9M. Capital raised by the Group was used for the purpose of acquiring the Credit Solutions Group ahead of a planned ASX IPO anticipated to be completed in the calendar year 2020.

2. In December 2019, the Group signed a Business and Share Sale Agreement to acquire the assets of Credit Solutions Pty Ltd and controlled entities "Credit Solutions Group". Oakbridge Pty Ltd, a subsidiary of Credit Solutions, was also acquired. Initial purchase price paid totalled \$7.65M, with additional contingent consideration due to the vendors of Credit Solutions Group paid based on the FY2020 revenue result. A Business and Share Sale Agreement was executed in December 2019 with completion expected to occur upon the imminent satisfaction of the final conditions precedent.

3. Following successful completion of the December 2019 capital raise, the Group now has over 50 shareholders. As a result and in line with the requirements of the Corporations Act, the Group has commenced the process of becoming an unlisted public company.

4. On 11 March 2020, the World Health Organisation announced that COVID-19, also known as coronavirus, was now a pandemic. As the virus affects general economic activity there is likely to be an impact on the Group. However, at this time the Directors are unable to quantify the financial impact on the Group due to the uncertainties surrounding the pandemic and the impact it may have on the world and local economies.

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

##### Future developments and results

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

##### Environmental issues

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

##### Indemnification and insurance of officers and auditors

The company has paid an insurance premium for management liability insurance. This cover has been effective and in place throughout the financial year.

**Credit Clear Pty Ltd & Controlled Entities**

ABN: 48 604 797 033

**Directors' Report**

**30 June 2019**

**Auditor's independence declaration**

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2019 has been received and can be found on page 4 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: .....  


Director: .....  


Dated this 17<sup>th</sup> day of JUNE 2020

Moore Stephens Audit (Vic)

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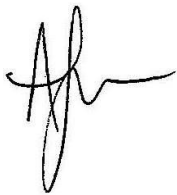
**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER S 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF CREDIT CLEAR PTY LTD & CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



**MOORE STEPHENS AUDIT (VIC)**  
ABN 16 847 721 257



**ANDREW JOHNSON**  
**Partner**  
**Audit & Assurance Services**

Melbourne, Victoria

17 June 2020

## Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	5	972,099	332,832
Cost of sales		(124,152)	(54,226)
Gross profit		847,947	278,606
Other income	5	523,673	511,460
Professional fees		(1,455,366)	(795,892)
Employee benefits expense		(2,314,932)	(1,496,780)
Other expenses		(921,687)	(1,319,264)
Depreciation and amortisation	6	(29,059)	(17,914)
Occupancy expenses		(177,043)	(84,000)
Finance expenses		(20,200)	(296,148)
<b>Loss before income tax</b>		<b>(3,546,667)</b>	<b>(3,219,932)</b>
Income tax expense	7	-	-
<b>Loss for the year</b>		<b>(3,546,667)</b>	<b>(3,219,932)</b>
<b>Other comprehensive income, net of income tax</b>			
<b>Total comprehensive income for the year</b>		<b>(3,546,667)</b>	<b>(3,219,932)</b>

## Credit Clear Pty Ltd & Controlled Entities

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### Consolidated Statement of Financial Position As At 30 June 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	1,474,496	3,605,063
Trade and other receivables	9	844,690	169,238
Loans and advances	10	-	1,209
Current tax receivable		492,170	511,460
Other assets	11	10,589	15,055
<b>TOTAL CURRENT ASSETS</b>		<b>2,821,945</b>	<b>4,302,025</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	51,360	60,293
Intangible assets		339	339
<b>TOTAL NON-CURRENT ASSETS</b>		<b>51,699</b>	<b>60,632</b>
<b>TOTAL ASSETS</b>		<b>2,873,644</b>	<b>4,362,657</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	358,979	680,705
Borrowings	14	145,000	145,000
Employee benefits	15	54,120	82,239
<b>TOTAL CURRENT LIABILITIES</b>		<b>558,099</b>	<b>907,944</b>
<b>TOTAL LIABILITIES</b>		<b>558,099</b>	<b>907,944</b>
<b>NET ASSETS</b>		<b>2,315,545</b>	<b>3,454,713</b>
<b>EQUITY</b>			
Issued capital	16	10,530,000	8,122,501
Accumulated losses		(8,214,455)	(4,667,788)
<b>TOTAL EQUITY</b>		<b>2,315,545</b>	<b>3,454,713</b>



## Credit Clear Pty Ltd & Controlled Entities

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### Consolidated Statement of Changes in Equity For the Year Ended 30 June 2019

2019

	Ordinary Shares	Accumulated Losses	Total
	\$	\$	\$
<b>Balance at 1 July 2018</b>	8,122,501	(4,667,788)	3,454,713
Total other comprehensive income for the year	-	(3,546,667)	(3,546,667)
Shares issued during the year	2,499,999	-	2,499,999
Transaction costs	(92,500)	-	(92,500)
<b>Balance at 30 June 2019</b>	<b>10,530,000</b>	<b>(8,214,455)</b>	<b>2,315,545</b>

2018

	Ordinary Shares	Accumulated Losses	Total
	\$	\$	\$
<b>Balance at 1 July 2017</b>	1	(1,447,857)	(1,447,856)
Total other comprehensive income for the year	-	(3,219,931)	(3,219,931)
Shares issued during the year	8,550,000	-	8,550,000
Transaction costs	(427,500)	-	(427,500)
<b>Balance at 30 June 2018</b>	<b>8,122,501</b>	<b>(4,667,788)</b>	<b>3,454,713</b>

# Credit Clear Pty Ltd & Controlled Entities

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## Consolidated Statement of Cash Flows For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	995,066	238,862
Payments to suppliers and employees	(5,436,947)	(3,228,887)
Interest received	15,787	-
Finance costs	(20,200)	(292,562)
R&D tax rebate received	511,460	331,501
Net cash (used in) operating activities	23 <u>(3,934,834)</u>	<u>(2,951,086)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(18,233)	(35,327)
Proceeds from sale of investment	15,000	-
Net cash (used in) investing activities	<u>(3,233)</u>	<u>(35,327)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of shares	1,900,000	8,550,000
Payment of share issue transaction costs	(92,500)	(427,500)
Repayment of related party loan	-	(1,531,974)
Net cash (used in) financing activities	<u>1,807,500</u>	<u>6,590,526</u>
Net increase/(decrease) in cash and cash equivalents held	(2,130,567)	3,604,113
Cash and cash equivalents at beginning of year	3,605,063	950
Cash and cash equivalents at end of financial year	8 <u>1,474,496</u>	<u>3,605,063</u>

## Credit Clear Pty Ltd & Controlled Entities

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# Notes to the Financial Statements

For the Year Ended 30 June 2019

The financial report covers Credit Clear Pty Ltd & Controlled Entities as an Group. Credit Clear Pty Ltd & Controlled Entities is a for-profit proprietary Group, incorporated and domiciled in Australia.

The functional and presentation currency of Credit Clear Pty Ltd & Controlled Entities is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### 2 Change in Accounting Policy

#### Financial Instruments - Adoption of AASB 9

The Group has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2017.

As part of the adoption of AASB 9, the Group adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the consolidated statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, this disclosures have been provided for the current year.

The key changes to the Group's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Group has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 July 2018.

#### Classification of financial assets

The financial assets of the Group have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost

## Credit Clear Pty Ltd & Controlled Entities

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# Notes to the Financial Statements

## For the Year Ended 30 June 2019

### 2 Change in Accounting Policy

#### Financial Instruments - Adoption of AASB 9

##### Measurement of equity instruments

All equity instruments of the Group are measured at fair value under AASB 9 whereas there was a cost exception under AASB 139 which allowed certain unlisted investments to be carried at amortised cost in the absence of a reliable measurement of fair value. Any difference in the previous carrying amount and the fair value is recognised in the opening retained earnings (or other component of equity, as appropriate) in the reporting period which includes the date of application.

Equity instruments are no longer subject to impairment testing and therefore all movements on equity instruments classified as fair value through other comprehensive income are taken to the relevant reserve.

##### Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

#### Revenue from Contracts with Customers - Adoption of AASB 15

The Group has adopted AASB 15 *Revenue from Contracts with Customers* for the first time in the current year with a date of initial application of 1 July 2018.

The key changes to the Group's accounting policies and the impact on these financial statements from applying AASB 15 are described below.

The Group has applied AASB 15 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118 and related interpretations. All adjustments on adoption of AASB 15 have been taken to retained earnings at 1 July 2018.

### 3 Summary of Significant Accounting Policies

#### 3.1. Basis for consolidation

The financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 20 to the financial statements.

## Credit Clear Pty Ltd & Controlled Entities

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# Notes to the Financial Statements

For the Year Ended 30 June 2019

### 3 Summary of Significant Accounting Policies

#### 3.2. Revenue and other income

##### Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

##### Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

##### Subscription revenue

Subscription revenue, which includes support services, is accounted for as a separate performance obligation. Sales of subscriptions provide the customer with a right of use of the company's software as it exists throughout the service period. Additionally subscriptions generally include a fixed number of communications per month.

Subscription charges are recognised on monthly basis with payment terms of 14 days. Revenue received in advance of the performance of services is deferred.

##### Communication revenue

Communication revenue is accounted for as a separate performance obligation. A communication fee is charged by the Group each time a message is sent to a customer account.

Communication charges are recognised on a monthly basis with payment terms of 14 days.

##### Gain on disposal of non-current assets

When a non-current asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to the profit or loss statement.

## Credit Clear Pty Ltd & Controlled Entities

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# Notes to the Financial Statements

For the Year Ended 30 June 2019

### 3 Summary of Significant Accounting Policies

#### 3.2. Revenue and other income

##### Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

#### 3.3. Income Tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- 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 (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

#### 3.4. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

## Credit Clear Pty Ltd & Controlled Entities

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# Notes to the Financial Statements

For the Year Ended 30 June 2019

### 3 Summary of Significant Accounting Policies

#### 3.5. Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### 3.6. Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

##### Plant and equipment

Plant and equipment are measured using the cost model.

##### Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and equipment	2.5% - 25%
Office equipment	20% - 50%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### 3.7. Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

## Credit Clear Pty Ltd & Controlled Entities

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# Notes to the Financial Statements

For the Year Ended 30 June 2019

### 3 Summary of Significant Accounting Policies

#### 3.7. Financial instruments

##### Financial assets

###### *Classification*

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

###### *Amortised cost*

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows;

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

###### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.



## Credit Clear Pty Ltd & Controlled Entities

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# Notes to the Financial Statements

For the Year Ended 30 June 2019

### 3 Summary of Significant Accounting Policies

#### 3.7. Financial instruments

##### Financial assets

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

##### *Trade receivables and contract assets*

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

##### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

##### Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and lease liabilities.

#### 3.8. Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

## Credit Clear Pty Ltd & Controlled Entities

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# Notes to the Financial Statements

For the Year Ended 30 June 2019

### 3 Summary of Significant Accounting Policies

#### 3.8. Impairment of non-financial assets

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

#### 3.9. Intangibles

##### Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 5 to 10 years.

##### Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### 3.10. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### 3.11. Leases

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

#### 3.12. Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

## Credit Clear Pty Ltd & Controlled Entities

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# Notes to the Financial Statements

For the Year Ended 30 June 2019

### 3 Summary of Significant Accounting Policies

#### 3.13. Foreign currency transactions and balances

##### Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

#### 3.14. Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group or refer to Note 2 for details of the changes due to standards adopted.

## Credit Clear Pty Ltd & Controlled Entities

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# Notes to the Financial Statements

For the Year Ended 30 June 2019

### 3 Summary of Significant Accounting Policies

#### 3.15. New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Group where the standard is relevant:

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

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

The main changes introduced by the new Standard include:

-recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);

-depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;

-variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date; and

-additional disclosure requirements.

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

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

## Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

# Notes to the Financial Statements

For the Year Ended 30 June 2019

#### 4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

##### Key judgments - Going Concern

The consolidated financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities, realisation of assets and the settlement of liabilities in the normal course of business. At balance date, the company recorded a loss after tax of \$3,546,667 (2018: \$3,219,932 loss) and had net cash outflows from operating activities of \$3,934,834 (2018: \$2,951,085).

In determine that the going concern basis is appropriate, the Directors have had regard to:

- During December 2019, the Group completed a successful capital raise totalling \$9M. Capital raised by the Group was used for the purpose of acquiring the Credit Solutions Group which is expeted to generate positive operaing cashflows.
- The Group has a planned ASX IPO anticipated to be completed in calendar year 2020, which is expected to generate additional capital for the Group.
- The year to date results of the group (unaudited) including 1 month of operations of the Credit Solutions Group at 31 December 2019 is a loss of \$1.4m (6 month result).
- Continued improved trading as revenue increases
- Being able to raise significant additional capital over the next 12 months
- A pledge from a director to provide sufficient financial assistance to the Group as and when it is needed to enable the Group to continue its operations and fulfil its financial obligations now and in the future for a minimum of 12 months from signing the 2019 financial report.

The group's ability to continue to operate as a going concern is dependent upon the items listed above. Should these events not occur as anticipated, the group may not be able to pursue its business objectives and may have difficulty continuing to operate as a going concern, including realising its assets and extinguishing its liabilities at the amounts shown in the financial statements.

## Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

### Notes to the Financial Statements For the Year Ended 30 June 2019

#### 5 Revenue and Other Income

	2019	2018
	\$	\$
Revenue from contracts with customers		
- Subscription revenue	393,905	-
- Communication revenue	578,194	332,832
<b>Revenue</b>	<b>972,099</b>	<b>332,832</b>
Other Income		
- Interest income	16,503	-
- Sale of USA license and distribution rights	15,000	-
- Research and development tax rebate	492,170	511,460
<b>Total Other Income</b>	<b>523,673</b>	<b>511,460</b>

#### Sale of USA license and distribution rights:

On 14 December 2018 the Group sold 100% of its interest in Credit Clear USA Incorporated. Total consideration received by the Group totalled \$15,000 in exchange for the USA license and distribution rights previously held by the Group. Credit Clear USA Incorporated did not contribute any financial results to the consolidated group for the year ended 30 June 2019.

#### 6 Depreciation and Amortisation

	2019	2018
	\$	\$
Depreciation expense	27,166	16,329
Amortisation expense	1,893	1,585
	<b>29,059</b>	<b>17,914</b>

#### 7 Income Tax Expense

(a). Reconciliation of income tax to accounting profit:

	2019	2018
	\$	\$
Loss for the year	(3,546,667)	(3,219,932)
Tax effect of:		
- Origination and reversal of temporary differences	1,190,570	1,632,119
Taxable income/(loss)	(2,356,097)	(1,587,813)
- tax losses not recognised	(2,356,097)	(1,587,813)
Income tax expense	-	-

The weighted average effective tax rate for the group for 2019 is 27.5% (2018: 27.5%)

The Group has accumulated taxable losses of: \$5,127,510 (2018: \$2,771,413). The Group has elected to not recognise a deferred tax asset for the taxable losses on the basis that the Group has not generated taxable profits to apply against

## Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

### Notes to the Financial Statements

For the Year Ended 30 June 2019

7 **Income Tax Expense**  
accumulated tax losses.

8 **Cash and Cash Equivalents**

	2019	2018
	\$	\$
Cash at bank and in hand	1,474,496	3,605,063
	<u>1,474,496</u>	<u>3,605,063</u>

#### Reconciliation of cash

Cash and Cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

	2019	2018
	\$	\$
Cash and cash equivalents	1,474,496	3,605,063
<b>Balance as per consolidated statement of cash flows</b>	<u>1,474,496</u>	<u>3,605,063</u>

9 **Trade and Other Receivables**

	2019	2018
	\$	\$
CURRENT		
Trade receivables	154,837	91,399
Provision for expected credit losses	9.1. (4,762)	(13,888)
	<u>150,075</u>	<u>77,511</u>
GST receivable	12,115	91,727
Related party receivable	682,500	-
<b>Total current trade and other receivables</b>	<u>844,690</u>	<u>169,238</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

**Related party receivable** = Included in related party receivable is \$600,000 receivable from a Director of the Group relating to share capital issued during the year which remains outstanding and unpaid at year end.

#### 9.1. Impairment of receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2019 is determined as follows, the expected credit losses incorporate forward looking information.

## Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

### Notes to the Financial Statements

For the Year Ended 30 June 2019

#### 9 Trade and Other Receivables

##### 9.1. Impairment of receivables

30 June 2019	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Expected loss rate (%)	-	-	2.64	100.00	
Gross carrying amount (\$)	86,883	17,292	47,143	3,519	154,837
ECL provision	-	-	1,243	3,519	4,762

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

#### 10 Loans and Advances

	2019 \$	2018 \$
CURRENT		
Loans to shareholders	-	1,209
	<u>-</u>	<u>1,209</u>

#### 11 Other non-financial assets

	2019 \$	2018 \$
CURRENT		
Prepayments	10,589	15,055
	<u>10,589</u>	<u>15,055</u>

#### 12 Property, plant and equipment

	2019 \$	2018 \$
Office equipment		
At cost	38,820	33,374
Accumulated depreciation	(10,133)	(5,572)
Total office equipment	<u>28,687</u>	<u>27,802</u>
Computer equipment		
At cost	65,215	52,428
Accumulated depreciation	(42,542)	(19,937)
Total computer equipment	<u>22,673</u>	<u>32,491</u>
<b>Total property, plant and equipment</b>	<u><b>51,360</b></u>	<u><b>60,293</b></u>



## Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

### Notes to the Financial Statements For the Year Ended 30 June 2019

#### 12 Property, plant and equipment

##### 12.1. Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Office Equipment \$	Computer Equipment \$	Total \$
<b>Year ended 30 June 2019</b>			
Balance at the beginning of year	32,491	27,802	60,293
Additions	12,787	5,446	18,233
Depreciation expense	(22,605)	(4,561)	(27,166)
<b>Balance at the end of the year</b>	<b>22,673</b>	<b>28,687</b>	<b>51,360</b>

	Office Equipment \$	Computer Equipment \$	Total \$
<b>Year ended 30 June 2018</b>			
Balance at the beginning of year	14,769	26,526	41,295
Additions	29,779	5,548	35,327
Depreciation expense	(12,057)	(4,272)	(16,329)
<b>Balance at the end of the year</b>	<b>32,491</b>	<b>27,802</b>	<b>60,293</b>

## Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

### Notes to the Financial Statements

For the Year Ended 30 June 2019

#### 13 Trade and Other Payables

	2019	2018
	\$	\$
CURRENT		
Trade payables	58,352	241,654
GST payable	99,282	177,797
Sundry payables and accrued expenses	201,345	261,254
	<u>358,979</u>	<u>680,705</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

#### 14 Borrowings

	2019	2018
	\$	\$
CURRENT		
Unsecured liabilities:		
Interest bearing loan	145,000	145,000
<b>Total borrowings</b>	<u>145,000</u>	<u>145,000</u>

##### Summary of borrowings

Interest bearing loans are funds used for working capital purposes. The loan accrues interest at 12% per annum. This loan is unsecured and there is no set repayment terms attached to this loan.

##### Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

#### 15 Employee Benefits

	2019	2018
	\$	\$
Current liabilities		
Provision for employee benefits	54,120	82,239
	<u>54,120</u>	<u>82,239</u>

## Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

### Notes to the Financial Statements

For the Year Ended 30 June 2019

#### 16 Issued Capital

	2019	2018
	\$	\$
144,200,000 (2018: 130,680,000) Ordinary shares	11,050,000	8,550,001
Share issue costs	(520,000)	(427,500)
<b>Total</b>	<b>10,530,000</b>	<b>8,122,501</b>

#### Ordinary shares

	2019	2018
	No.	No.
At the beginning of the reporting period	130,680,000	89,785,946
Shares issued during the year	13,520,000	40,894,054
At the end of the reporting period	<b>144,200,000</b>	<b>130,680,000</b>

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Group. On a show of hands at meetings of the Group, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Group does not have authorised capital or par value in respect of its shares.

#### 16.1. Capital Management

The key objectives of the Group when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Group defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Group manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios. A key objective of the Group's capital risk management is to maintain compliance with the covenants attached to the Group's debts. Throughout the year, the Group has complied with these covenants.

## Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

### Notes to the Financial Statements

For the Year Ended 30 June 2019

#### 17 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed to are described below:

##### Specific risks

- Liquidity risk
- Credit risk
- Market risk

##### Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Trade and other payables

		2019	2018
		\$	\$
<b>Financial assets</b>			
Cash and cash equivalents	8	1,474,496	3,605,063
Trade and other receivables	9	844,690	169,238
<b>Total financial assets</b>		<b>2,319,186</b>	<b>3,774,301</b>
<b>Financial liabilities</b>			
Trade and other payables	13	358,979	680,705
Interest bearing loan	14	145,000	145,000
<b>Total financial liabilities</b>		<b>503,979</b>	<b>825,705</b>
<b>Total</b>		<b>1,815,207</b>	<b>2,948,596</b>

The Group has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

## Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 17 Financial Risk Management

#### Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of Credit Clear Pty Ltd & Controlled Entities's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Credit Clear Pty Ltd & Controlled Entities's activities.

The day-to-day risk management is carried out by Credit Clear Pty Ltd & Controlled Entities's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

#### Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Financial guarantee liabilities are treated as payable on demand since Credit Clear Pty Ltd & Controlled Entities has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the consolidated statement of financial position due to the effect of discounting.

## Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

# Notes to the Financial Statements

For the Year Ended 30 June 2019

## 17 Financial Risk Management

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

#### *Trade receivables and contract assets*

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Group's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

All of these financial assets are considered to have low credit risk and therefore the impairment provision recognised during the period was limited to 12 months expected credit losses.

The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

## Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 17 Financial Risk Management

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

### 18 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Credit Clear Pty Ltd & Controlled Entities during the year are as follows:

	2019	2018
	\$	\$
Short-term employee benefits	1,078,162	656,577

### 19 Auditors' Remuneration

	2019	2018
	\$	\$
Remuneration of the auditor [Moore Stephens Victoria], for:		
- auditing or reviewing the financial statements	20,000	6,000
- taxation services	1,800	1,500
<b>Total</b>	<b>21,800</b>	<b>7,500</b>

### 20 Interests in Subsidiaries

#### 20.1. Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2019	2018
<b>Subsidiaries:</b>			
Credit Clear International Pty Ltd	Australia	100	100
Wired Payment Pty Ltd	Australia	100	100
Credit Clear USA Incorporated	United States of America	-	100

\*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

## Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 21 Contingencies

#### Contingent Liabilities

Credit Clear Pty Ltd & Controlled Entities had the following contingent liabilities at the end of the reporting period:

On 4 July 2018 and 18 July 2018 the former CEO of Credit Clear Pty Ltd ("CC") Mr Brian George Osborne and his associated companies ("Osborne") commenced proceedings in the Supreme Court of Victoria (being proceeding number S ECI 2018 00194) against CC by filing an Originating Process and Statement of Claim respectively. In the proceeding, Osborne seeks relief under section 233 of the Corporations Act 2001 (Cth) ("Act") for alleged oppressive conduct of the affairs of CC under section 232 of the Act, or alternatively for orders pursuant to section 461(1)(e), (f), (g) and/or (k) of the Act.

CC vehemently denies Osborne is entitled to any of the relief sought by him and has filed its Defence and engaged Herbert Smith Freehills as its solicitors. CC has also filed a cross-claim against Osborne seeking orders for rectification as well as damages for misrepresentation.

#### Contingent Assets

The Group has the following contingent asset at the end of the reporting date:

As noted in note 16a, the Group is currently in legal proceedings with Brian George Osborne, the former CEO of Credit Clear Pty Ltd. At reporting date Credit Clear Pty Ltd has received a letter of indemnification from its current director, Mark Casey.

Should Brian Osborne obtain a successful judgement and obtain orders requiring shares in Credit Clear Pty Ltd to be transferred to him, Mark Casey has confirmed via a signed letter to the Directors of the company that he will transfer shares owed to Brian Osborne out of his personal shareholding in Credit Clear Pty Ltd. The number of shares to be transferred will be limited to the extent necessary to prevent dilutionary effect on:

1. Those shareholders who were first issued shares from 20 June 2018 as part of a capital raise and/or rights issue; and
2. Those shareholders who were already shareholders prior to 20 June 2018 but in respect of only those shares received by them from 20 June 2018 as part of a capital raise and/or rights issue.

### 22 Related Parties

#### 22.1. The Group's main related parties are as follows:

Key management personnel - refer to Note 18.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.



## Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 22 Related Parties

#### 22.2. Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Purchases	Sales	Balance outstanding	
	\$	\$	Owed to the group	Owed by the group
	\$	\$	\$	\$
<b>Casey Capital Pty Ltd</b>				
Related Party Receivable	-	-	682,500	-
Accounts Payable	-	-	-	12,046
Occupancy Expenses	177,043	-	-	-

### 23 Cash Flow Information

#### 23.1. Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2019	2018
	\$	\$
Loss for the year	(3,546,667)	(3,219,932)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation / amortisation	29,059	16,329
- net gain on disposal of investment	(15,000)	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(76,136)	(127,252)
- (increase)/decrease in current tax receivable	19,289	(179,959)
- (increase)/decrease in other assets	4,466	495
- increase/(decrease) in trade and other payables	(321,726)	501,889
- increase/(decrease) in provisions	(28,119)	57,344
Cashflows from operations	<u>(3,934,834)</u>	<u>(2,951,086)</u>

Included within trade and other receivables is an amount totaling \$600,000 from a Director of the Group relating to share capital issued during the year which remains outstanding and unpaid at year end (refer note 6). As this amount does not constitute operating activities but rather financing activities, this amount has been excluded from the above cash flow reconciliation.

## Credit Clear Pty Ltd & Controlled Entities

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## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 24 Events Occurring After the Reporting Date

1. During December 2019, the Group completed a successful capital raise totalling \$9M. Capital raised by the Group was used for the purpose of acquiring the Credit Solutions Group ahead of a planned ASX IPO anticipated to be completed in the calendar year 2020.
2. In December 2019, the Group signed a Business and Share Sale Agreement to acquire the assets of Credit Solutions Pty Ltd and controlled entities "Credit Solutions Group". Oakbridge Pty Ltd, a subsidiary of Credit Solutions, was also acquired. Initial purchase price paid totalled \$7.65M, with additional contingent consideration due to the vendors of Credit Solutions Group paid based on the FY2020 revenue result. A Business and Share Sale Agreement was executed in December 2019 with completion expected to occur upon the imminent satisfaction of the final conditions precedent.
3. Following successful completion of the December 2019 capital raise, the Group now has over 50 shareholders. As a result and in line with the requirements of the Corporations Act, the Group has commenced the process of becoming an unlisted public company.
4. On 11 March 2020, the World Health Organisation announced that COVID-19, also known as coronavirus, was now a pandemic. As the virus affects general economic activity there is likely to be an impact on the Group. However, at this time the Directors are unable to quantify the financial impact on the Group due to the uncertainties surrounding the pandemic and the impact it may have on the world and local economies.

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

### 25 Statutory Information

The principal place of business of the company is:

Credit Clear Pty Ltd  
Level 4/6 Riverside Quay,  
Southbank VIC 3006

# Credit Clear Pty Ltd & Controlled Entities

ABN: 48 604 797 033

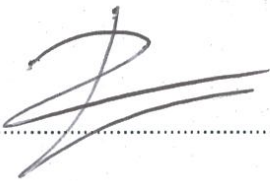
## Directors' Declaration

The directors of the Group declare that:

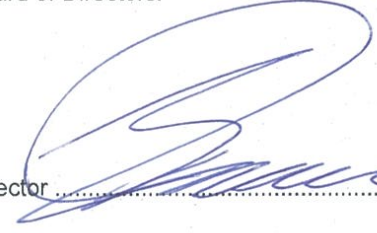
1. the financial statements and notes for the year ended 30 June 2019 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position and performance of the Group;
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

Director .....



Director .....



Dated this 17<sup>th</sup> day of JUNE 2020

Moore Stephens Audit (Vic)

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDIT CLEAR PTY LTD & CONTROLLED ENTITIES

### Opinion

We have audited the Grouping financial report of Credit Clear Pty Ltd & Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the (consolidated) statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group.

In our opinion:

- a. the 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 2019 and of their performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

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

## Material Uncertainty Related to Going Concern

We draw attention to note 4 in the financial statements, which identifies that during the year ended 30 June 2019 the Group recorded a loss after tax of \$3,546,667 and had net cash outflows from operating activities of \$3,934,834.

As stated in note 1, the ability of the Group to continue as a going concern is dependent on its ability to raise additional capital sufficient to meet the Group's future needs as it endeavours to grow its customer base and further develop its offering. Our opinion is not modified in respect of this matter.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report of the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Report

The directors of the Group are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001, and for such internal control as the directors determines is necessary to enable the preparation of the financial report that 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 has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## 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 on the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.



**MOORE STEPHENS AUDIT (VIC)**

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**ANDREW JOHNSON**

**Partner**

**Audit & Assurance Services**

Melbourne, Victoria

17 June 2020