CREDIT CLEAR LTD
ACN 604 797 033

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 4/6 Riverside Quay SOUTHBANK VIC 3006 on 30 November 2020 at 12:pm (AEDT) and will be held virtually using the online platform provided by our share registry, Link Market Services: https://agmlive.link/CCR20

The Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact Mike Tauschek by telephone on 0408281130 or email at mike@creditclear.com.au.

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

CREDIT CLEAR LTD
A C N 604 797 033

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Credit Clear Ltd (**Company**) as required by section 250N of the *Corporations Act 2001* (Cth) will be held at 4/6 Riverside Quay SOUTHBANK VIC 3006 on 30 November 2020 at 12:00pm (AEDT) (**Meeting**).

The Explanatory Statement to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form form part of this Notice.

The Directors have determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of Shareholders as on 28 November 2020 at 12:00pm (AEDT). Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Meeting.

Terms and abbreviations used in this Notice and the Explanatory Statement are defined in Schedule 1.

AGENDA

1. Resolution 1 – Re-election of Director – Mark Casey

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, in accordance with the Company's Constitution and for all other purposes, Mr Mark Casey, who retires by rotation under section 59.1 of the Company's Constitution and, being eligible, offers himself for re-election, is re-elected as a Director of the Company with effect from the close of the Meeting".

2. Resolution 2 – Adoption of Remuneration Report

To consider and, if thought fit, pass the following advisory only resolution:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report."

Voting exclusion statement:

The Company will disregard any votes cast on Resolution 2 by, or on behalf of:

- Brenton Glaister, Victor Peplow, Mike Tauschek, Lewis Romano, Piero Gross and Jason Serafino; or
- an associate of those persons.

However, the Company need not disregard a vote *cast* in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or

- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

    - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

    - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way

3. Resolution 3 – Appointment of Auditor – Moore Australia

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That Moore Australia (Vic) having consented in writing and been duly nominated in accordance with Section 328B(1) of the Corporations Act 2001 be appointed as Auditor of the Company".

4. Ordinary Business – Financial Statements and Reports

To receive and consider the annual financial report, together with the Directors' and auditor's reports for the financial year ending 30 June 2020 which is annexed to this Notice of Meeting.

EXPLANATORY STATEMENT

The accompanying Explanatory Statement forms part of this Notice of Meeting and should be read in conjunction with it.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this Notice of Meeting and the Explanatory Statement.

PROXIES

Please note that:

(a) a Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;

(b) a proxy need not be a member of the Company;

(c) a Shareholder may appoint a body corporate or an individual as its proxy;

(d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and

(e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

The Chair intends to exercise all available proxies in favour of all Resolutions.

BY ORDER OF THE BOARD OF DIRECTORS

Mike Tauschek
Company Secretary & General Counsel

Dated this 30 October 2020

CREDIT CLEAR LTD
ACN 604 797 033

EXPLANATORY STATEMENT

1. Introduction

The Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 4/6 Riverside Quay SOUTHBANK VIC 3006 on 30 November 2020 at 12:00pm (AEDT).

The Explanatory Statement forms part of the Notice, which should be read in its entirety. The Explanatory Statement contains the terms and conditions on which the Resolution will be voted.

The Explanatory Statement includes the following information to assist Shareholders in deciding how to vote on the Resolution:

Section 2	Action to be taken by Shareholders
Section 3	Resolution 1 – Re-Election of Director – Mark Casey
Section 4	Resolution 2 – Adoption of Remuneration Report
Section 5	Resolution 3 - Appointment of Auditor
Section 6	Ordinary Business – Financial Statements and Reports
Schedule 1	Definitions
Schedule 2	Proxy Form

A Proxy Form is located at the end of the Explanatory Statement.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Statement carefully before deciding how to vote on the Resolution.

3. Resolution 1 – Re-election of Director – Mark Casey

Clause 59.1 of the Constitution requires that at every Annual General Meeting, one third of the directors must retire, but are eligible for re-election at that Annual General Meeting.

The Directors to retire are those who have been in office for three years since their appointment or last reappointment or have been longest in office since their appointment or last re-appointment, or, if the Directors have been in office for an equal length of time, by agreement.

The Company currently has four Directors and accordingly one must retire.

Accordingly, Mr Mark Casey retires by rotation at the Meeting and, being eligible, he offers himself for re-election as a Director.

In circumstances where the Shareholders vote in favour of Resolution 1 and Resolution 1 is passed, Mr Mark Casey will be re-appointed as a Director with effect from the end of the meeting.

In circumstances where the Shareholders do not vote in favour of Resolution 1, Mr Mark Casey will not be re-appointed as a Director and the Company will only have 2 independent directors. In such circumstances the Company may need to consider whether it should appoint another independent director to the board of the Company to comply with ASX Corporate Governance recommendations.

Mark Casey is the managing director of Casey Capital Pty Ltd, a private investment vehicle with over $2 billion in projects under management. Mark brings a wealth of knowledge with over 30 years' experience in property development, funds management and investment in early stage technology ventures.

Mark Casey has been a Director of the Company since September 2016. In addition, Mark Casey has also been a cornerstone investor, founder and advisor to the Company and was instrumental to its listing on the ASX on 27 October 2020.

The Board of Directors (other than Mark Casey) recommends that Shareholders vote in favour of Resolution 1.

4. Resolution 2 – Adoption of Remuneration Report

The Remuneration Report is set out in the Company's Annual Report for the period ending 30 June 2020 which is annexed to this Notice of Meeting. This report sets out the remuneration arrangements in place for Directors and key executives of the Company.

Section 250R(2) of the Corporations Act requires a resolution that the remuneration report be adopted must be put to the vote. This resolution seeks this approval. However, in accordance with section 250R(3) of the Corporations Act, Shareholders should note that this resolution is an "advisory only" resolution which does not bind the Directors of the Company.

Following consideration of the Remuneration Report, the Chairman, in accordance with section 250SA of the Corporations Act, must give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

Under recent reforms to the Corporations Act, if 25% or more of the votes on this resolution are against adopting the remuneration report, the Company will be required to consider and report to Shareholders in the next Remuneration Report on what action (if any) has been taken in response to Shareholder concerns, and if no action is proposed to be taken, the Board's reasons for this.

Shareholders also need to be aware that as a result of the legislation which became effective on 1 July 2011 a "two strikes" process will apply to the results of voting in relation to Resolution 2. This means that if the resolution proposing to adopt the Remuneration Report receives a "no" vote of over 25% of votes cast by those attending in person or by proxy and permitted to vote, at two successive annual general meetings, then at the second of those annual general meetings, an extra resolution must be put to the meeting proposing that another general meeting should be held within 90 days of the second annual general meeting. A simple majority of over 50% of the votes cast at such annual general meeting is required to pass this extra resolution. If the resolution is passed, within 90 days, another general meeting must be held at which all the Directors, except the Chief Executive Officer and any new Directors appointed since the date of the 2020 annual general meeting, will be required to resign and offer themselves for re-election. These provisions are colloquially referred to as the "two strikes rule" and the "spill resolution" to be put to the "spill meeting". If at the spill meeting, the resolutions are all passed against re-electing the relevant Directors, the legislation includes a mechanism to ensure the Board continues with the statutory required minimum of 3 Directors. After the Chief Executive Officer, the remaining positions will be filled by the Directors whose re-election resolutions at the spill meeting received the highest percentage of votes in favour of re-election. If the number of votes is the same for Directors, the Chief Executive Officer and any other Director whose re-election has been confirmed at this spill meeting, can choose who is to become the new Director, with such appointment to be confirmed by shareholders at the next annual general meeting.

Resolution 2 is an advisory only resolution.

The Board recommends that Shareholders vote in favour of Resolution 2.

5. Resolution 3 – Appointment of Auditor

Moore Australia (Vic) were appointed auditor of the Company on 26 June 2018.

The Corporations Act requires the Company to obtain the approval of Shareholders for the appointment of Moore Australia (Vic) as auditor of the Company.

Moore Australia (Vic) has consented to the appointment and, as at the date of the Notice, has not withdrawn its consent Resolution 1 – Re-election of Director – .

The Board recommends that Shareholders vote in favour of Resolution 3.

6. Ordinary Business – Financial Statements & Reports

The Corporations Act requires the reports of the Directors and of the Company's auditor and the annual financial report for the year to 30 June 2020, including the financial statements, to be put before the Meeting and the Constitution provides for those reports and statements to be received and considered at the Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Meeting on the reports or statements. However, Shareholders will be given an opportunity to raise questions on the reports and statements at the Meeting.

In accordance with the Corporations Act, the Company is not required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. These amendments may result in reducing the Company's printing costs.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at www.creditclear.com.au.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

Corporations Act means the *Corporations Act 2001* (Cth).

Board means the board of Directors.

Chair or Chairman means the person appointed to chair the Meeting of the Company convened by the Notice.

Company means Credit Clear Ltd (ACN 604 797 033).

Constitution means the current constitution of the Company.

Director means a director of the Company.

Explanatory Statement means the explanatory statement which forms part of the Notice.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of general meeting.

Proxy Form means the proxy form attached to the Notice.

Resolution means the resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Statement.

Shareholder means a shareholder of the Company.

Schedule 2 Proxy Form

Credit Clear Ltd
ACN 604 797 033

The Company Secretary Credit Clear Ltd	***By post or delivery:*** c/- Mike Tauschek Company Secretary Credit Clear Ltd 4/6 Riverside Quay SOUTHBANK VIC 3006	***By email:*** mike@creditclear.com.au

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/We [1]____of ____

being a Shareholder/Shareholders of the Company and entitled to ______________________________ votes in the Company, hereby appoint:

The Chair of the Meeting (mark box)	☐	**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name and address of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy	

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting to be held at 4/6 Riverside Quay SOUTHBANK VIC 3006 on 30 November 2020 at 12:00pm (AEDT) on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit, except as provided below).

The Chair of the Meeting intends to vote undirected proxies in favour of each resolution.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Step 2 – Instructions as to Voting on Resolution

INSTRUCTIONS AS TO VOTING ON RESOLUTION

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Re-Election of Director – Mark Casey	☐	☐	☐
Resolution 2	Adoption of Remuneration Report	☐	☐	☐
Resolution 3	Appointment of Auditor – Moore Australia	☐	☐	☐

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Authorised signature/s
This section ***must*** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1	Shareholder 2	Shareholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

__________________________ __________________________ ____________________
Contact Name | Contact Daytime Telephone | Date

[1]Insert name and address of Shareholder

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the Shareholder must sign.
Joint Holding:	where the holding is in more than one name all of the holders should sign.
Power of Attorney:	if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.
Companies:	a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the address below **no later than 48 hours prior to the time of commencement of the Meeting (EST)**.

Postal address: c-\ Mike Tauschek
Company Secretary
Credit Clear Ltd
4/6 Riverside Quay SOUTHBANK VIC 3006

Email: Mike@creditclear.com.au

Credit Clear Ltd & Controlled Entities

ABN: 48 604 797 033

Financial Statements

For the Year Ended 30 June 2020

Credit Clear Ltd & Controlled Entities

ABN: 48 604 797 033

Contents

For the Year Ended 30 June 2020

Directors' Report
30 June 2020

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 2020.

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:

Gerd Guido Schenkel	
Mark James Casey	
Lewis James Romano	
Marcus Colin Price	(Appointed 12 February 2020)
Francesco Michael Romano	(Resigned 19 August 2020)
Hugh Walter Robertson	(Resigned 19 August 2020)

Company secretary

The following person held the position of Company secretary at the end of the financial period:

Mike Von Tauschek has been the company secretary since 11 December 2019. Victor Peplow held the position as company secretary from the start of the period to 20 December 2019.

Principal activities

The principal activities of the Group during the financial year was the development and implementation of an online mobile payment platform.

In December 2019 the Group acquired the business of Credit Solutions Pty Ltd & Controlled Entities, with its principal activity being the provision of debt recovery services. In addition, the Group acquired Oakbridge Lawyers Pty Ltd, a commercial litigation company.

These acquisitions will broaden the service offerings of Credit Clear Ltd & Controlled Entities which will be the focus of the Group's future activities.

2. Operating results and review of operations for the year

Operating results

The consolidated loss of the Group amounted to $ (4,286,627) (2019: $ (3,546,667) 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 following the acquisition of the Credit Solutions business and Oakbridge Lawyers. The Group has also invested in the system platform to meet client demands as well as expand sales capability and offerings.

Directors' Report

30 June 2020

3. Other items

Significant changes in state of affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

(i) The acquistion of Credit Solutions Pty Ltd and Controlled Entities, with its principal activity being the provision of debt recovery services. In addition, the Group acquired Oakbridge Lawyers Pty Ltd, a commercial litigation company.

(ii) The application to become a public company which was approved by ASIC during the financial year.

(iii) Qualification and receipt of government stimulus (Job Keeper/Cash Booster) totalling $752,000 (refer note 5). Despite the challenges of COVID-19 on the Group and the economy, management believe the Group remains financially resilient.

Events after the reporting date

The COVID-19 pandemic has created unprecedented uncertainty of the economic environment. Actual economic events and conditions in future may be materially different from those estimated by the Company at the reporting date. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further adverse impacts to the Company. At the date of the annual report an estimate of the future effects of the COVID-19 pandemic on the Company cannot be made, as the impact will depend on the magnitude and duration of the economic downturn, with the full range of possible effects unknown.

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.

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 finanical year.

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 2020 has been received and can be found on page 3 of the financial report.

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

Director: .... Director: ....

Dated this 24th day of August 2020

Moore Australia Audit (VIC)
Level 18, 530 Collins Street
Melbourne Victoria 3000
T +61 3 9608 0100
Level 1, 219 Ryrie Street
Geelong Victoria 3220
T +61 3 5215 6800
victoria@moore-australia.com.au
www.moore-australia.com.au

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, 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 Australia

MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257

ANDREW JOHNSON
Partner
Audit and Assurance

Melbourne, Victoria

24 August 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue	5	**6,474,516**	972,099
Cost of sales		**(864,749)**	(124,152)
Gross profit		**5,609,767**	847,947
Other income	5	**1,187,972**	523,673
Professional fees		**(2,326,688)**	(1,455,366)
Employee benefits expense		**(5,256,424)**	(2,314,932)
Other expenses		**(1,716,543)**	(919,701)
Depreciation and amortisation expense	6	**(1,207,437)**	(29,059)
Occupancy expenses		**(298,877)**	(177,043)
Share based payments	21	**(195,479)**	-
Finance expenses		**(82,918)**	(22,186)
Loss before income tax		**(4,286,627)**	(3,546,667)
Income tax expense	7	**-**	-
Loss for the year		**(4,286,627)**	(3,546,667)
Other comprehensive income, net of income tax			
Total comprehensive income for the year		**(4,286,627)**	(3,546,667)

The accompanying notes form part of these financial statements.

Credit Clear Ltd & Controlled Entities

ABN: 48 604 797 033

Consolidated Statement of Financial Position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	**2,722,587**	1,474,496
Trade and other receivables	10	**1,552,064**	844,690
Term deposits held	11	**242,910**	-
Current R&D tax receivable		**435,210**	492,170
Other assets	12	**178,774**	10,928
TOTAL CURRENT ASSETS		**5,131,545**	2,822,284
NON-CURRENT ASSETS			
Property, plant and equipment	14	**47,645**	51,360
Intangible assets	15	**7,279,055**	-
Right-of-use assets	13	**1,399,190**	-
TOTAL NON-CURRENT ASSETS		**8,725,890**	51,360
TOTAL ASSETS		**13,857,435**	2,873,644
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	**1,765,995**	358,979
Borrowings	17	**-**	145,000
Lease liabilities	13	**591,131**	-
Employee benefits	19	**562,427**	54,120
Other liabilities	18	**1,157,062**	-
TOTAL CURRENT LIABILITIES		**4,076,615**	558,099
NON-CURRENT LIABILITIES			
Lease liabilities	13	**814,885**	-
Employee benefits	19	**92,343**	-
TOTAL NON-CURRENT LIABILITIES		**907,228**	-
TOTAL LIABILITIES		**4,983,843**	558,099
NET ASSETS		**8,873,592**	2,315,545
EQUITY			
Issued capital	20	**21,179,195**	10,530,000
Reserves	21	**195,479**	-
Accumulated losses		**(12,501,082)**	(8,214,455)
TOTAL EQUITY		**8,873,592**	2,315,545

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Note	Ordinary Shares $	Retained Earnings $	Reserves $	Total $
Balance at 1 July 2019		**10,530,000**	**(8,214,455)**	**-**	**2,315,545**
Loss attributable to members of the parent entity		**-**	**(4,286,627)**	**-**	**(4,286,627)**
Shares issued during the year	20	**11,125,000**	**-**	**-**	**11,125,000**
Transaction costs		**(475,805)**	**-**	**-**	**(475,805)**
Employee performance rights reserve	21	**-**	**-**	**195,479**	**195,479**
Balance at 30 June 2020		**21,179,195**	**(12,501,082)**	**195,479**	**8,873,592**

2019

	Note	Ordinary Shares $	Retained Earnings $	Option Reserve $	Total $
Balance at 1 July 2018		8,122,501	(4,667,788)	-	3,454,713
Loss attributable to members of the parent entity		-	(3,546,667)	-	(3,546,667)
Shares issued during the year	20	2,499,999	-	-	2,499,999
Transaction costs		(92,500)	-	-	(92,500)
Balance at 30 June 2019		10,530,000	(8,214,455)	-	2,315,545

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**6,018,381**	995,066
Payments to suppliers and employees		**(9,392,742)**	(5,436,947)
Interest received		**-**	15,787
Finance costs		**(63,419)**	(20,200)
R&D tax rebate received		**492,170**	511,460
Government stimulus received		**752,200**	-
Net cash (used in) operating activities	28	**(2,193,410)**	(3,934,834)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(11,942)**	(18,233)
Proceeds from sale of investment		**-**	15,000
Payment for purchase of business	9	**(5,000,000)**	-
Purchase of other financial asset (term deposits)		**(242,910)**	-
Net cash (used in) investing activities		**(5,254,852)**	(3,233)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**9,000,000**	1,900,000
Payment of share issue transaction costs		**(475,805)**	(92,500)
Payment of borrowings		**(162,778)**	-
Payment of lease liability		**(233,891)**	-
Net cash (used in) financing activities		**8,127,526**	1,807,500
Net increase/(decrease) in cash and cash equivalents held		**679,264**	(2,130,567)
Cash and cash equivalents at beginning of year		**1,474,496**	3,605,063
Cash acquired from business combination		**36,188**	-
Cash and cash equivalents at end of financial year	8	**2,189,948**	1,474,496

The financial report covers Credit Clear Ltd & Controlled Entities and its controlled entities ('the Group'). Credit Clear Ltd & Controlled Entities is a for-profit proprietary Company, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

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

Leases - Adoption of AASB 16

The Group has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

The Group as a lessee

Under AASB 117, the Group assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Group or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the consolidated statement of financial position (except for short-term leases and leases of low value assets).

The Group has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Group has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Group's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;

2 Change in Accounting Policy

Leases - Adoption of AASB 16

Impact of adoption of AASB 16

- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 30 June 2020 from the consolidated statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

3 Summary of Significant Accounting Policies

3.1 Basis for consolidation

The consolidated 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 25 to the financial statements.

3.2 Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

3 Summary of Significant Accounting Policies

3.2 Business combinations

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

3.3 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.

3 Summary of Significant Accounting Policies

3.3 Revenue and other income

Specific revenue streams

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.

Debt Collection Commission

Debt collection commission is earned by the company based on a percentage of the total outstanding debt in which was collected by the company on a customers behalf. Debt collection commission is recognised on a month basis with payment terms of 30 days.

Solicitors Commission

Solicitors income is earned by the Group for on legal services provided in relation to debt collection, insolvency and other legal services provided to customers. Solicitors income is recognised on a monthly basis for legal services provided in the previous month with payment terms of 30 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.

R&D Tax Incentive & Government Stimulus

Research & Development tax incentives and Government Stimulus are recognised at fair value where there is reasonable assurance that the stimulus will be received and all conditions will be met. Stimulus relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Other income

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

Legal disbursements

The Group arranges for the disbursement activities provided by third parties on behalf of the client; however it does not control the output from those activities. The Group cannot influence the content of reports obtained or court filings, therefore no profit margin is recognised on the activities when clients are charged the direct cost incurred by the Group. As such, the Group acts as an agent for disbursements, which are only recognised as a recoverable cost..

3 Summary of Significant Accounting Policies

3.4 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 provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

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.

3.5 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.

3.6 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.

3 Summary of Significant Accounting Policies

3.6 Goods and services tax (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.

3.7 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.

3.8 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.

Classification

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

- amortised cost

3 Summary of Significant Accounting Policies

3.8 Financial instruments

Financial assets

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 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

3 Summary of Significant Accounting Policies

3.8 Financial instruments

Financial 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.

3.9 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.

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

3 Summary of Significant Accounting Policies

3.10 Intangibles

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i) the consideration transferred;

ii) any non-controlling interest; and

iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired in a business combination.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Group determines which method to adopt for each acquisition.

Under the 'full goodwill method', the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available.

Goodwill is not amortised but is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

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.

Customer Contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit. The Group acquired two customer contracts which are being amortised at seperate rates over the contract life, being 1.5 years and 5 years from the date of acquisition respectively.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, 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 Summary of Significant Accounting Policies

3.11 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.

3.12 Leases

For current year

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

3 Summary of Significant Accounting Policies

3.13 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.

3.14 Equity-settled compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted, this expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options which are expected to vest based on the non-market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

3.14 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 Summary of Significant Accounting Policies

3.15 Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2020, 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.

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 estimates - Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash generating units have been determined based on either value-in-use calculations or fair value less cost to sell. Value-in-use calculations require assumptions, including estimated discount rates based on current cost of capital and growth rates of estimated future cash flows.

Key estimates - revenue recognition - long term contracts

The Group undertakes long term contracts which span a number of reporting periods. Recognition of revenue in relation to these contracts involves estimation of future costs of completing the contract and the expected outcome of the contract. The assumptions are based on the information available to management at the reporting date, however future changes or additional information may mean the expected revenue recognition pattern has to be amended.

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 $4,286,627 (2019: $3,546,667 loss) and had net cash outflows from operating activities of $2,193,410 (2019: $3,934,834).

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

- The Group's ability to raise further significant additional capital over the next 12 months. During the period ended 30 June 2020, the Group was successful in raising $9M.

- 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.

- Continued improved trading as revenue increases. The Group acquired the Credit Solutions Group and Oakbridge Lawyers in December 2019, these entities are expected to generate positive operating cash flows.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

5 Revenue and Other Income

	2020	2019
	$	$
Revenue from contracts with customers		
- Subscription revenue	**300,656**	393,905
- Communication revenue	**1,165,436**	578,194
- Solicitors fees	**2,551,363**	-
- Commission income	**2,457,061**	-
Revenue	**6,474,516**	972,099
Other Income		
- ATO Cash Flow Boost	**125,000**	-
- ATO JobKeeper payments	**627,000**	-
- Interest income	**749**	16,503
- Sale of USA license and distribution rights	**-**	15,000
- Sundry income	**13**	-
- Research and development tax rebate	**435,210**	492,170
Total Other Income	**1,187,972**	523,673

6 Depreciation and Amortisation

	2020	2019
	$	$
Amortisation expense - Intangible Assets	**964,600**	-
Amortisation expense - Right of Use Asset	**221,218**	-
Depreciation expense	**21,619**	-
	1,207,437	-

7 Income Tax Expense

(a) Reconciliation of income tax to accounting profit:

	2020	2019
	$	$
Loss for the year	**(4,286,627)**	(3,546,667)
Tax	**27.50 %**	27.50 %
	(1,178,822)	(975,333)
- less tax effect on permanent differences	**406,839**	329,214
Current income tax expense	**(771,983)**	(646,119)
Deferred tax		
- origination and reversal of temporary differences	**(303,351)**	7,307
Current tax	**(468,632)**	(653,426)
Tax losses not brought into account	**468,632**	653,426
Income tax expense	**-**	-

Notes to the Financial Statements

For the Year Ended 30 June 2020

7 Income Tax Expense

	2020	2019
	$	$
Amounts not brought to account		
Tax losses	**2,053,729**	1,921,266
Temporary differences - Employee Provisions	**153,396**	(7,733)
Temporary differences - Superannuation	**123,607**	(124)
Temporary differences - Accrued Expenses	**51,860**	550
Total amounts not brought to account	**2,382,592**	1,913,959

The Group has a unrecognised deferred tax asset totalling $2,382,592 (2019: $1,913,959). The Group has elected to not recognise a deferred tax asset on the basis that the Group has not yet generated taxable profits to apply against these accumulated losses.

8 Cash and Cash Equivalents

	2020	2019
	$	$
Cash at bank and in hand	**2,189,948**	1,474,496
Trust funds held	**532,639**	-
	2,722,587	1,474,496

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:

Cash and cash equivalents		**2,722,587**	1,474,496
Trust fund liabilities	18	**(532,639)**	-
Balance as per consolidated statement of cash flows		**2,189,948**	1,474,496

Notes to the Financial Statements

For the Year Ended 30 June 2020

9 Business Combinations

On 01 December 2019, Credit Clear Pty Ltd (parent entity) entered into a business and share sale agreement to acquire the business of Credit Solutions Pty Ltd & controlled entities (Credit Solutions Group), in addition to obtaining a 100% interest in Oakbridge Lawyers Pty Ltd. This resulted in Credit Clear Pty Ltd acquiring the assets and assumed liabilities of Credit Solutions Group in addition to obtaining control of Oakbridge Lawyers Pty Ltd.

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	31 Dec 2019 Provisional Acquired Fair Value	Adjustments Fair Value	30 June 2020 Final Fair Value
	$	$	$
Purchase consideration:			
- Cash	5,000,000	-	**5,000,000**
- Net cash balance payable	316,610	(32,187)	**284,423**
- Contingent consideration	850,000	(510,000)	**340,000**
- Shares issued in Credit Clear Pty Ltd	2,125,000	-	**2,125,000**
Total purchase consideration	8,291,610	(542,187)	**7,749,423**
Assets or liabilities acquired:			
Cash	36,188	-	**36,188**
Trust fund deposits	276,471	-	**276,471**
Trade receivables	250,677	-	**250,677**
Other assets	80,819	-	**80,819**
Plant and equipment	5,959	-	**5,959**
Right of Use Asset	613,045	-	**613,045**
Deferred tax asset	89,310	(89,310)	**-**
Trade payables	(170,818)	(32,877)	**(203,695)**
Sundry payables and accrued expenses	(258,058)	-	**(258,058)**
Employee provisions - Credit Solutions	(297,700)	(45,980)	**(343,680)**
Employee provisions - Oakbridge Lawyers	(35,648)	(9,018)	**(44,666)**
Borrowings	(17,778)	-	**(17,778)**
Trust liabilities	(276,471)	-	**(276,471)**
Lease Liability	(613,045)	-	**(613,045)**
Identifiable assets acquired and liabilities assumed	(317,049)	(177,185)	**(494,234)**
Purchase consideration	8,291,610	(542,187)	**7,749,423**
Add: Identifiable liabilities acquired	(317,049)	(177,185)	**(494,234)**
Intangible Assets Acquired	8,608,659	(365,002)	**8,243,657**

The net assets recognised in the 31 December 2019 half year financial statements was based on a provisional fair value assessment. The final assessment had not been completed by the date the 31 December 2019 financial statements were approved for issue by the Board. The fair value assessment has now been finalised and therefore the 30 June 2020 figures shown above have been updated to reflect adjustments to the provisional amounts.

9 Business Combinations

The Group undertook a valuation to calculate the identifiable intangible assets acquired on acquisition of Credit Solutions Group and Oakbridge Lawyers Pty Ltd on 1/12/2019. Following provisional accounting adjustments made in which were finalised at 30 June 2020, the Group's intangible asset balances before amortisation are as follows :

Customer Contracts	= $6,308,000
Brands	= $400,000
Goodwill	= $1,535,657
Intangible Assets Acquired	**= $8,243,657**

Contingent consideration

In the event that Credit Solutions & controlled entities achieve an FY20 revenue result between $16.2m and $19.8m, the Group has agreed to pay the selling shareholders contigent consideration up to a maximum of $1.7m. The FY2020 revenue target was not met by the vendors of Credit Solutions. Despite this, the directors of Credit Clear Ltd have resolved that a final Goodwill payment will be paid to the vendors of Credit Solutions Pty Ltd totaling $340,000. This payment will be made via an issue of shares in the company in the next financial year .

10 Trade and Other Receivables

		2020	2019
		$	$
CURRENT			
Trade receivables		**1,198,383**	154,837
Provision for impairment	10.1	**(1,478)**	(4,762)
		1,196,905	150,075
GST receivable		**14,672**	12,115
Sundry debtors		**340,487**	682,500
Total current trade and other receivables		**1,552,064**	844,690

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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

10 Trade and Other Receivables

10.1 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 2020 is determined as follows, the expected credit losses incorporate forward looking information.

30 June 2020	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Expected loss rate (%)	**-**	**-**	**-**	**2.00**	
Gross carrying amount ($)	**838,897**	**257,824**	**29,272**	**72,390**	**1,198,383**
ECL provision	**-**	**-**	**-**	**1,478**	**1,478**

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.

11 Other Financial Assets

	2020	2019
	$	$
Term deposits held	**242,910**	-
Total	**242,910**	-

12 Other non-financial assets

	2020	2019
	$	$
CURRENT		
Prepayments	**175,274**	10,928
Deposits paid	**3,500**	-
	178,774	10,928

Notes to the Financial Statements

For the Year Ended 30 June 2020

13 Leases

The Group has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

The Group as a lessee

The Group has leases over a range of assets including office premises.

The Group has chosen not to apply AASB 16 to leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The Group leases office premises for the purpose of its principal activities. Leases are generally between 2-5 years.

Right-of-use assets

	Office Premises	Total
	$	$
Year ended 30 June 2020		
Additions through period	1,620,408	1,620,408
Amortisation expense	(221,218)	(221,218)
Balance at end of year	1,399,190	1,399,190

Historically Credit Clear Pty Ltd paid a management fee for use of its principal place of business to a related party. During the financial year, Credit Clear assumed several office leases as part of the Credit Solutions business acquisition (note 9). Furthermore, the Credit Clear Pty Ltd signed a formal lease for the use of its principal place of business which commenced on 30 June 2020.

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Lease liabilities included in this Consolidated Statement Of Financial Position
	$	$	$	$
2020				
Lease liabilities	591,131	814,885	-	1,406,016

Notes to the Financial Statements

For the Year Ended 30 June 2020

14 Property, plant and equipment

	2020 $	2019 $
Office equipment		
At cost	**66,417**	38,820
Accumulated depreciation	**(35,316)**	(10,133)
Total office equipment	**31,101**	28,687
Computer equipment		
At cost	**71,780**	65,215
Accumulated depreciation	**(55,236)**	(42,542)
Total computer equipment	**16,544**	22,673
Total property, plant and equipment	**47,645**	51,360

14.1 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:

	Computer Equipment $	Office Equipment $	Total $
Year ended 30 June 2020			
Balance at the beginning of year	**22,673**	**28,687**	**51,360**
Additions	**6,565**	**5,381**	**11,946**
Additions at fair value through business combination	**-**	**5,958**	**5,958**
Depreciation expense	**(12,694)**	**(8,925)**	**(21,619)**
Balance at the end of the year	**16,544**	**31,101**	**47,645**

	Office Equipment $	Computer Equipment $	Total $
Year ended 30 June 2019			
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)
Balance at the end of the year	22,673	28,687	51,360

Notes to the Financial Statements

For the Year Ended 30 June 2020

15 Intangible Assets

	2020	2019
	$	$
Intangible assets		
Goodwill		
Cost	1,535,655	-
Accumulated amortisation and impairment	-	-
Net carrying value	**1,535,655**	-
Brand names		
Cost	400,000	-
Accumulated amortisation and impairment	-	-
Net carrying value	**400,000**	-
Customer contracts		
Cost	6,308,000	-
Accumulated amortisation and impairment	(964,600)	-
Net carrying value	**5,343,400**	-
Total Intangibles	**7,279,055**	-

16 Trade and Other Payables

	2020	2019
	$	$
CURRENT		
Trade payables	531,266	58,352
Amounts due to the ATO	332,924	52,012
Sundry payables and accrued expenses	818,027	248,615
Related party payable - Credit Solutions Pty Ltd	83,778	-
	1,765,995	358,979

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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

17 Borrowings

	2020	2019
	$	$
CURRENT		
Unsecured liabilities:		
Interest bearing loan	-	145,000
Total borrowings	-	145,000

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.

18 Other Liabilities

	2020	2019
	$	$
CURRENT		
Trust fund liabilities	**532,639**	-
Contingent considerations	**340,000**	-
Deferred consideration	**284,423**	-
	1,157,062	-

Trust fund liabilities = The company holds funds on trust as a part of the debt collection services. The company holds a seperate trust bank account and raises a liability equal to the balance of the trust account, representing that the funds are held in trust and that they are payable to various customers.

Contingent consideration = As disclosed in note 9, contingent consideration represents amounts payable to the vendors of Credit Solutions.

Deferred Consideration = As disclosed in note 9, deferred consideration represents amount due to the vendors of Credit Solutions for purchase of business assets.

19 Employee Benefits

	2020	2019
	$	$
Current liabilities		
Provision for annual leave	**346,808**	54,120
Provision for long service leave	**215,619**	-
	562,427	54,120

19 Employee Benefits

	2020	2019
	$	$
Non-current liabilities		
Provision for long service leave	**92,343**	-
	92,343	-

20 Issued Capital

	2020	2019
	$	$
180,409,603 (2019: 144,200,000) Ordinary shares	**21,179,195**	10,530,000
Total	**21,179,195**	10,530,000

Ordinary shares

	2020	2019
	No.	No.
At the beginning of the reporting period	**144,200,000**	130,680,000
Shares issued during the year	**36,209,603**	13,520,000
At the end of the reporting period	**180,409,603**	144,200,000

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, 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 Company does not have authorised capital or par value in respect of its shares.

20.1 Capital Management

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

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

The Company 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 Company's capital risk management is to maintain compliance with the covenants attached to the Company's debts. Throughout the year, the Company has complied with these covenants.

Notes to the Financial Statements

For the Year Ended 30 June 2020

21 Share-based Payments

At 30 June 2020 the Group has the following share-based payment schemes:

During the financial year ended 30 June 2019 the Company entered into agreements with key staff and a director to issue shares rights based on certain performance milestones being achieved. The employee and director are entitled to 2,520,000 shares for nil consideration should they meet performance targets, remain employed/remain in service and will only be issued should a liquidity event, such as a trade sale or IPO occur. The directors have assessed that the likelihood of an IPO is now probable and have therefore recognised a portion of the expense, calculated by dividing the service period already served by the service period expected to be served by the time all the milestones are achieved multiplied by total expense ($378,000) to be recognised once complete.

22 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
- Lease liabilities

		2020	2019
		$	$
Financial assets			
Cash and cash equivalents	8	**2,722,587**	1,474,496
Trade and other payables	10	**1,522,064**	844,690
Other financial assets	11	**242,910**	-
Total financial assets		**4,487,561**	2,319,186
Financial liabilities			
Trade and other payables	16	**1,765,995**	358,979
Interest bearing loan	17	**-**	145,000
Lease Liabilities	13	**1,406,016**	-
Total financial liabilities		**3,172,011**	503,979
Total		**1,315,550**	1,815,207

22 Financial Risk Management

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Group'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 the Group's activities.

The day-to-day risk management is carried out by the Group'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 the Group 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.

22 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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

23 Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the year is shown below:

	2020	2019
	$	$
Short-term employee benefits	**1,390,057**	1,078,162
	1,390,057	1,078,162

24 Auditors' Remuneration

	2020	2019
	$	$
Remuneration of the auditor [Moore Australia (Victoria)], for:		
- auditing or reviewing the financial statements - Credit Clear Pty Ltd	**32,000**	20,000
- auditing or reviewing the financial statements - Credit Solutions & Oakbridge Lawyers - 30/6/18, 30/6/19 & 31/12/19	**85,000**	-
- taxation services	**1,900**	1,800
Total	**118,900**	21,800

25 Interests in Subsidiaries

25.1 Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2020	Percentage Owned (%)* 2019
Subsidiaries:			
Credit Clear International Pty Ltd	Australia	**100**	100
Wired Payment Pty Ltd	Australia	**100**	100
Oakbridge Lawyers Pty Ltd	Australia	**100**	-

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

26 Contingencies

(a) Contingent Liabilities

The Group had the following contingent liabilities at the end of the reporting period:

1. 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.

26 Contingencies

(a) Contingent Liabilities

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.

Discovery is now complete and the proceedings are list for directions on 21 August 2020. The parties are engaged in settlement discussions and the defendants are expecting an offer from the plaintiffs to attempt to settle the proceedings.

2. On 16 July 2020 a former director and former shareholder of Credit Clear Pty Ltd (as it was then) being Mr Trent McKendrick and his associated entity C Capital Pty Ltd respectively commenced proceedings in the Supreme Court of Victoria (being proceeding number S ECI 2020 02950) against the Company and others by filing an originating process. The originating process is not supported by any pleading.

In the originating process the plaintiffs seek inter alia relief against the Company pursuant to section 233 of the Corporations Act 2001 (Cth) (“Act”) for alleged oppressive conduct of the affairs of the Company under section 232 of the Act, orders for the rectification of the share register of the Company pursuant to section 175 of the Act or alternatively orders pursuant to section 461(1)(k) of the Act. The plaintiffs also seek against the Company declarations and orders (including orders for unspecified compensation and that deeds which assigned certain intellectual property to the Company are void) pursuant to the Act, the Australian Securities and Investments Commission Act 2001 (Cth) and the Australian Consumer Law.

The Company vehemently denies the plaintiffs’ claims and that they are entitled to any of the relief sought by them. The Company notes that both Mr McKendrick and C Capital voluntarily resigned as a director of the Company and disposed of its shares in the Company in 2015 and 2016 respectively. The Company also notes the timing of the plaintiffs’ claim and is the opinion that the plaintiffs’ claims are nothing short of an abuse of process; extortion under the guise of a legal proceeding.

The company has engaged Deutsch Miller as its solicitors. The Company has also sought an advice from pre-eminent silk Mr Peter Braham SC as to the prospects of success of the plaintiffs’ claim. The Company considers that that plaintiffs’ claim has no real prospects of success.

The proceedings are listed for a first initial conference before his honour Justice Hetyey on 13 August 2020.

26 Contingencies

(b) Contingent Assets

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

As noted in note 25a, 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. The Company also expects to imminently receive a signed indemnity from Mr 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.

The signed indemnity from Mr Casey will indemnify the Company and its shareholders against share dilution on the same terms as identified above. The signed indemnity also indemnifies the Company and its shareholders against any loss and damage suffered or incurred by them in connection with the Statement of Claim filed by Osborne and his controlled entities (including any order of the Court and legal costs) and the action taken by them in cancelling the shares held by Wilborne Holdings Pty Ltd pursuant to section 258D of the Corporations Act 2001 (Cth) and the removal of Osborne as a director of the Company.

27 Related Parties

27.1 The Group's main related parties are as follows:

Key management personnel - refer to Note 23.

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.

27 Related Parties

27.2 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:

			Balance outstanding	
	Purchases	Sales	Owed to the company	Owed by the company
	$	$	$	$
Casey Consulting Services Pty Ltd				
Accounts Payable	-	-	-	85,242
Occupancy Expenses	139,961	-	-	-
Consulting services	206,072	-	-	-
Credit Solutions Pty Ltd				
Related Party Payable	-	-	-	83,778
KMP related parties				
Salaries & Wages	128,051	-	-	-

28 Cash Flow Information

28.1 Reconciliation of result for the year to cashflows from operating activities

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

	2020	2019
	$	$
Loss for the year	**(4,286,627)**	(3,546,667)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	**21,616**	29,059
- amortisation on intangible assets	**964,603**	-
- amortisation on right of use asset	**221,218**	-
- interest expense on lease liability	**19,499**	-
- net gain on disposal of investment	**-**	(15,000)
- share based payments	**195,479**	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(456,697)**	(76,136)
- (increase)/decrease in current tax receivable	**56,960**	19,289
- (increase)/decrease in other assets	**(105,131)**	4,466
- increase/(decrease) in trade and other payables	**945,263**	(321,726)
- increase/(decrease) in provisions	**230,407**	(28,119)
Cashflows from operations	**(2,193,410)**	(3,934,834)

29 Events Occurring After the Reporting Date

The COVID-19 pandemic has created unprecedented uncertainty of the economic environment. Actual economic events and conditions in future may be materially different from those estimated by the Company at the reporting date. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further adverse impacts to the Company. At the date of the annual report an estimate of the future effects of the COVID-19 pandemic on the Company cannot be made, as the impact will depend on the magnitude and duration of the economic downturn, with the full range of possible effects unknown.

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.

30 Statutory Information

The principal place of business of the company is:

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

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2020 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 consolidated group.

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.

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

Director .... Director ....

Dated this 24th day of August 2020

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CREDIT CLEAR LIMITED & CONTROLLED ENTITIES

Opinion

We have audited the accompanying financial report of Credit Clear Limited & Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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.

In our opinion:

a. the financial report of Credit Clear Limited & Controlled Entities 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 2020 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.

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 2020, 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 Company 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. This description forms part of our auditor's report.

Moore Australia

MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257

ANDREW JOHNSON
Partner
Audit and Assurance

Melbourne, Victoria

24 August 2020