

# **Credit Solutions (NSW) Pty Ltd**

ABN: 11 603 307 633

## **Financial Statements**

For the Year Ended 30 June 2019

# Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

## Contents

For the Year Ended 30 June 2019

### Page

#### Financial Statements

Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	26
Independent Audit Report	27

# Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

## Directors' Report

30 June 2019

The directors present their report on Credit Solutions (NSW) Pty Ltd for the financial year ended 30 June 2019.

### 1. General information

#### Directors

The names of the directors in office at any time during, or since the end of, the year are:

##### Names

Brenton Elliot Glaister

Maria Stella Hulm

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

#### Principal activities

The principal activity of Credit Solutions (NSW) Pty Ltd during the financial year was the provision of debt recovery services.

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

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

#### Operating results

The loss of the Company after providing for income tax amounted to \$ (29,719) (2018: \$ 165,442 profit).

#### Dividends paid or recommended

Dividends paid or declared during or since the end of the financial year are as follows:

- A fully franked dividend of \$ 140,000 was paid during the year.

#### Review of operations

A review of the operations of the Company during the financial year and the results of those operations show that the company continued to engage in its principal activities, the results of which are disclosed in the attached financial statements.

### 3. Other items

#### Significant changes in state of affairs

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

## Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

### Directors' Report

30 June 2019

#### 3. Other items

##### Events after the reporting date

In December 2019, the business operations of Credit Solutions (NSW) Pty Ltd was sold to Credit Clear Pty Ltd via a signed Business Sale Agreement. This sale included all entities within the Credit Solutions Group of which Credit Solutions (NSW) Pty Ltd was one of them.

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

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

##### Future developments and results

Likely developments in the operations of the Company 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 Company.

##### Environmental issues

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

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

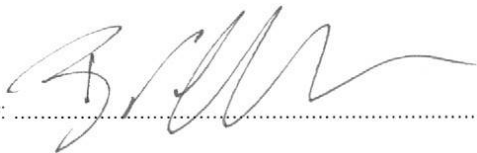
No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Credit Solutions (NSW) Pty Ltd.

##### Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2019 has been received and can be found on page 3 of the financial report.

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

Director: .....



Dated this 23rd day of June 2020

# MOORE STEPHENS

---

Moore Stephens Audit (Vic)

Level 18, 530 Collins Street  
Melbourne Victoria 3000  
+61 (0)3 9608 0100

Level 1, 219 Ryrie Street  
Geelong Victoria 3220  
+61 (0)3 5215 6800

victoria@moorestephens.com.au

[www.moorestephens.com.au](http://www.moorestephens.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER S 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF CREDIT SOLUTIONS (NSW) PTY LTD**

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

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



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



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

Melbourne, Victoria

23 June 2020

## Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

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

For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Sales revenue	4	1,745,185	2,318,039
Cost of sales		(550,882)	(713,109)
Gross profit		1,194,303	1,604,930
Other income	4	140,278	44,673
Professional fees		(267,315)	(245,884)
Employee benefit expense		(763,818)	(667,510)
Occupancy costs		(87,399)	(81,148)
Other expenses		(184,977)	(325,852)
Depreciation and amortisation expense		(1,824)	(65,272)
Finance expenses		(67,169)	(30,067)
<b>Profit / (Loss) before income tax</b>		<b>(37,921)</b>	<b>233,870</b>
Income tax (expense)/benefit		8,202	(68,428)
<b>Profit / (Loss) for the year</b>		<b>(29,719)</b>	<b>165,442</b>
<b>Total comprehensive income for the year</b>		<b>(29,719)</b>	<b>165,442</b>

# Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

## Statement of Financial Position

As At 30 June 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	31,705	3,799
Trade receivables	7	432,684	762,785
Loans receivable	8	225,602	100,932
Other assets		669	1,258
<b>TOTAL CURRENT ASSETS</b>		<b>690,660</b>	<b>868,774</b>
<b>NON-CURRENT ASSETS</b>			
Loans receivable	8	800,148	650,752
Deferred tax assets		4,800	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>804,948</b>	<b>650,752</b>
<b>TOTAL ASSETS</b>		<b>1,495,608</b>	<b>1,519,526</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables	10	937,785	725,441
Borrowings	11	31,951	55,862
Current tax liabilities	5	189,113	221,162
Employee benefits	12	15,667	23,807
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,174,516</b>	<b>1,026,272</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		-	3,195
Employee benefits	12	5,875	5,123
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>5,875</b>	<b>8,318</b>
<b>TOTAL LIABILITIES</b>		<b>1,180,391</b>	<b>1,034,590</b>
<b>NET ASSETS</b>		<b>315,217</b>	<b>484,936</b>
<b>EQUITY</b>			
Issued capital	13	100	100
Retained earnings		315,117	484,836
<b>TOTAL EQUITY</b>		<b>315,217</b>	<b>484,936</b>

## Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

### Statement of Changes in Equity

For the Year Ended 30 June 2019

#### 2019

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
<b>Balance at 1 July 2018</b>	100	484,836	484,936
Loss attributable to members of the entity	-	(29,719)	(29,719)
Dividends paid or provided for	-	(140,000)	(140,000)
<b>Balance at 30 June 2019</b>	100	315,117	315,217

#### 2018

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
<b>Balance at 1 July 2017</b>	100	419,394	419,494
Profit attributable to members of the entity	-	165,442	165,442
Dividends paid or provided for	-	(100,000)	(100,000)
<b>Balance at 30 June 2018</b>	100	484,836	484,936



## Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

### Statement of Cash Flows

For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	2,391,049	2,430,502
Payments to suppliers and employees	(1,824,331)	(1,871,056)
Interest paid	(67,169)	(30,067)
Income taxes paid	(31,842)	(40,854)
Net cash provided by/(used in) operating activities	19 467,707	488,525
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(1,824)	(65,272)
Net cash provided by/(used in) investing activities	(1,824)	(65,272)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments of borrowings	(297,977)	(333,322)
Dividends paid to shareholders	(140,000)	(100,000)
Net cash provided by/(used in) financing activities	(437,977)	(433,322)
Net increase/(decrease) in cash and cash equivalents held	27,906	(10,069)
Cash and cash equivalents at beginning of year	3,799	13,868
Cash and cash equivalents at end of financial year	6 31,705	3,799

# Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

## Notes to the Financial Statements

For the Year Ended 30 June 2019

The financial report covers Credit Solutions (NSW) Pty Ltd as an individual entity. Credit Solutions (NSW) Pty Ltd is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Credit Solutions (NSW) Pty Ltd is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

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

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

### 2 Summary of Significant Accounting Policies

#### (a) 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 Company 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 Company 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 Company are:

##### 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 customer's behalf. Debt collection commission is recognised on a monthly basis with payment terms of 30 days.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2019**

### **2 Summary of Significant Accounting Policies**

#### **(a) Revenue and other income**

##### **Specific revenue streams**

##### **Solicitors Income**

Solicitors commission is earned by the company for 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 with payment terms of 30 days.

##### **Field Services**

Field services income is earned by the Company for serving legal documents to debtors. Field services income is recognised on a monthly basis for legal services provided in the previous month with payment terms of 30 days.

##### **Legal disbursements**

The Company 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 company 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 Company. As such, the Company acts as an agent for disbursements, which are only recognised when it is assessed that a reimbursement will be received from the client. The amount recognised for the expected reimbursement does not exceed the relevant costs incurred.

#### **(b) Income Tax**

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

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

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2019**

### **2 Summary of Significant Accounting Policies**

#### **(b) Income Tax**

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.

#### **(c) 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.

#### **(d) Goods and services tax (GST)**

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

Receivables and payable are stated inclusive of GST.

Cash flows in the 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.

#### **(e) 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 Company, commencing when the asset is ready for use.

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 2 Summary of Significant Accounting Policies

#### (e) Property, plant and equipment

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

Fixed asset class	Depreciation rate
Computer Equipment	33% - 100%
Office Equipment	33% - 100%

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.

#### (f) Financial instruments

Financial instruments are recognised initially on the date that the Company 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 Company classifies its financial assets into the following categories, those measured at amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Company 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; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the 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

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2019**

### **2 Summary of Significant Accounting Policies**

#### **(f) Financial instruments**

##### **Financial assets**

on derecognition is recognised in profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

##### *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 significant since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment and including forward looking information.

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

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

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company 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 Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

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

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company 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 Company 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*

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2019**

### **2 Summary of Significant Accounting Policies**

#### **(f) Financial instruments**

##### **Financial assets**

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 Company 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 Company comprise trade payables, bank and other loans and lease liabilities.

#### **(g) Impairment of non-financial assets**

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

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

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.

#### **(h) 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.

#### **(i) Leases**

The Company has elected to early adopt AASB 16 *Leases* for the first time for their annual reporting year commencing 1 July 2017 for the year ended 30 June 2018.

The company had no Capital and Leasing Commitments at balance date. The company pays a management fee to Credit Solutions Pty Ltd for use of office space. The directors of the Company have assessed that this does not constitute a lease under AASB 16.

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2019**

### **2 Summary of Significant Accounting Policies**

#### **(j) Employee benefits**

Provision is made for the Company'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.

#### **(k) Adoption of new and revised accounting standards**

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

### **3 Critical Accounting Estimates and Judgments**

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

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

The significant estimates and judgements made have been described below.

#### **Key judgments - Recoverability of Related Party Loans**

Included in note 8 : Loans receivable, is multiple related party loans to two Director related entities. The Directors believe these loans are fully recoverable with repayments being made in accordance with a repayment schedule.



## Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

### Notes to the Financial Statements

For the Year Ended 30 June 2019

#### 4 Revenue and Other Income

##### Revenue from continuing operations

	2019	2018
	\$	\$
Revenue from contracts with customers		
- Commission income	1,322,006	1,639,597
- Solicitor income	333,219	576,827
- Field services	89,960	101,615
- Other income	140,278	44,673
<b>Total Revenue</b>	<b>1,885,463</b>	<b>2,362,712</b>

#### 5 Income Tax Expense

Local income expense	(207)	72,549
Deferred tax expense	(8,202)	(2,280)
Under/(over) provision in respect of prior years	-	(1,841)
<b>Total income tax expense</b>	<b>(8,409)</b>	<b>68,428</b>

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

	2019	2018
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2018: 27.5%)	(10,428)	64,314
Add:		
Tax effect of:		
- Permanent differences	2,226	(570)
- Origination and reversal of temporary differences	(207)	4,684
<b>Income tax expense</b>	<b>(8,409)</b>	<b>68,428</b>

The increase in the weighted average effective tax rate for 2019 is a result of [enter details here].

#### 6 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at bank and in hand	31,705	3,799
	<b>31,705</b>	<b>3,799</b>

## Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

### Notes to the Financial Statements

For the Year Ended 30 June 2019

#### 7 Trade and Other Receivables

	2019	2018
	\$	\$
CURRENT		
Trade receivables	204,874	499,516
Related party receivables	227,810	263,269
<b>Total current trade and other receivables</b>	<b>432,684</b>	<b>762,785</b>

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.

**a) Related party receivables:** These receivables are for services rendered for companies within the Credit Solutions Group. There is no agreed terms, conditions, interest or security attached to these balances.

#### Impairment of receivables

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

30 June 2019	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Expected loss rate (%)	-	-	-	-	-
Gross carrying amount (\$)	141,000	64,642	380	(1,148)	204,874
ECL provision	-	-	-	-	-
30 June 2018	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Expected loss rate (%)	-	-	-	-	-
Gross carrying amount (\$)	243,560	193,795	62,161	-	499,516
ECL provision	-	-	-	-	-

The Company 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.

## Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

### Notes to the Financial Statements

For the Year Ended 30 June 2019

#### 8 Loans receivable

		2019 \$	2018 \$
CURRENT			
B Glaister Family Trust 2017	(a)	48,118	21,680
B Glaister Family Trust 2018	(a)	35,897	28,786
B Glaister Family Trust 2019	(a)	28,786	-
Nipote Family Trust 2017	(a)	48,118	21,680
Nipote Family Trust 2018	(a)	35,897	28,786
Nipote Family Trust 2019	(a)	28,786	-
<b>Total current</b>		<b>225,602</b>	<b>100,932</b>
NON-CURRENT			
B Glaister Family Trust 2017	(a)	71,043	119,162
B Glaister Family Trust 2018	(a)	170,317	206,214
B Glaister Family Trust 2019	(a)	158,714	-
Nipote Family Trust 2017	(a)	71,043	119,162
Nipote Family Trust 2018	(a)	170,317	206,214
Nipote Family Trust 2019	(a)	158,714	-
<b>Total non-current</b>		<b>800,148</b>	<b>650,752</b>

##### a) Related Party Loans

The terms of the related party loans receivable are as follows:

**B Glaister Family Trust 2017, 2018 & 2019:** These loans are receivable from the Directors of the company. These loans are unsecured and the term of the loan is 7 years from the commencement of the loan. The interest rate charged is based on the benchmark interest rate as set by the Australian Tax Office (ATO).

**Nipote Family Trust 2017, 2018 & 2019:** These loans are receivable from the Directors of the company. These loans are unsecured and the term of the loan is 7 years from the commencement of the loan. The interest rate charged is based on the benchmark interest rate as set by the Australian Tax Office (ATO).

## Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

### Notes to the Financial Statements

For the Year Ended 30 June 2019

#### 9 Property, plant and equipment

	2019 \$	2018 \$
Computer equipment		
At cost	35,724	33,900
Accumulated depreciation	(35,724)	(33,900)
Total motor vehicles	-	-
Office equipment		
At cost	33,738	33,738
Accumulated depreciation	(33,738)	(33,738)
Total office equipment	-	-

##### (a) Movements in carrying amounts of property, plant and equipment

	Computer Equipment \$	Office Equipment \$	Total \$
<b>Year ended 30 June 2019</b>			
Additions	1,824	-	1,824
Depreciation expense	(1,824)	-	(1,824)
<b>Balance at the end of the year</b>	-	-	-

	Computer Equipment \$	Office Equipment \$	Total \$
<b>Year ended 30 June 2018</b>			
Additions	31,372	33,900	65,272
Depreciation expense	(31,372)	(33,900)	(65,272)
<b>Balance at the end of the year</b>	-	-	-

## Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

### Notes to the Financial Statements

For the Year Ended 30 June 2019

#### 10 Trade and Other Payables

	2019	2018
	\$	\$
CURRENT		
Trade payables	20,095	260,453
GST payable	29,862	26,529
Sundry payables and accrued expenses	273,156	230,438
Related party payables (a)	614,672	208,021
	<u>937,785</u>	<u>725,441</u>

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

**a) Related party payables:** These payables are for services provided by companies within the Credit Solutions Group. There is no agreed terms, conditions, interest or security attached to these balances.

#### 11 Borrowings

	2019	2018
	\$	\$
CURRENT		
Secured liabilities:		
Equipment Finance (a)	31,951	55,862
<b>Total current borrowings</b>	<u>31,951</u>	<u>55,862</u>

##### Summary of borrowings

**a) Finance leases:** As at 30 June 2019 the Company leased various plant and equipment with a carrying amount of \$72,887 under equipment finance expiring within 3 years. The Company entered into this agreement with NAB on 22 August 2017.

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

#### 12 Employee Benefits

	2019	2018
	\$	\$
Current liabilities		
Provision for employee benefits	15,667	23,807
	<u>15,667</u>	<u>23,807</u>
Non-current liabilities		
Provision for employee benefits	5,875	5,123
	<u>5,875</u>	<u>5,123</u>

## Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

### Notes to the Financial Statements

For the Year Ended 30 June 2019

#### 13 Issued Capital

	2019 \$	2018 \$
200 (2018: 200) Ordinary shares	100	100
<b>Total</b>	<b>100</b>	<b>100</b>

##### (a) Ordinary shares

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.

##### (b) 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.

#### 14 Capital and Leasing Commitments

The company did not have any capital or leasing commitments at 30 June 2018 (2017: None). The company pays a management fee to Credit Solutions Pty Ltd for use of office space.

#### 15 Financial Risk Management

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

The Company'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 Company is exposed to are described below:

##### Specific risks

- Liquidity risk
- Credit risk

## Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

# Notes to the Financial Statements

For the Year Ended 30 June 2019

## 15 Financial Risk Management

- Market risk

### Financial instruments used

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

- Trade receivables
- Cash at bank
- Bank overdraft
- Trade and other payables
- Borrowings

	2019 \$	2018 \$
<b>Financial assets</b>		
Cash and cash equivalents	31,705	3,799
Trade and other receivables	432,684	762,785
Loans and advances	800,148	650,752
<b>Total financial assets</b>	<b>1,264,537</b>	<b>1,417,336</b>
<b>Financial liabilities</b>		
Trade and other payables	937,785	725,441
Borrowings	31,951	55,862
<b>Total financial liabilities</b>	<b>969,736</b>	<b>781,303</b>

### Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of Credit Solutions (NSW) Pty Ltd'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.

### Liquidity risk

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

The Company'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 Company 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.

At the reporting date, these reports indicate that the Company 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.

## Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

# Notes to the Financial Statements

For the Year Ended 30 June 2019

## 15 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 Company.

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*

The Company'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.

### 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.

## 16 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Credit Solutions (NSW) Pty Ltd during the year are as follows:

	2019	2018
	\$	\$
Short-term employee benefits	241,104	185,930

## 17 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2019 (30 June 2018:None).

## 18 Related Parties

### (a) The Company's main related parties are as follows:

The Company is part of the Credit Solutions Group which comprises of companies owned by a similar ownership group. The group comprises of the following companies for the period:

- Credit Solutions Pty Ltd



## Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 18 Related Parties

(a) The Company's main related parties are as follows:

- Credit Solutions (QLD) Pty Ltd
- Credit Solutions (VIC) Pty Ltd
- Credit Solutions (WA) Pty Ltd
- Oakbridge Lawyers Pty Ltd

Key management personnel - refer to Note 17.

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.

### (b) 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	
	Owed to the company	Owed by the company
Purchases		
\$	\$	\$
<b>Other members of the Credit Solutions Group</b>		
Cost of sales - Legal fees	322,116	-
Trade and other receivables	-	227,810
Trade and other payables	-	614,672

## Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

## Notes to the Financial Statements

For the Year Ended 30 June 2019

### 18 Related Parties

#### (c) Loans to/from 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:

	Loans to related parties \$	Loans from related parties \$
<b>Loans from KMP</b>		
2019	1,025,800	-
2018	751,684	-

### 19 Cash Flow Information

#### (a) Reconciliation of result for the year to cashflows from operating activities

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

	2019 \$	2018 \$
Profit / (Loss) for the year	(29,719)	165,442
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	1,824	65,272
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	330,101	(164,961)
- (increase)/decrease in other assets	589	(1,258)
- (increase)/decrease in deferred tax asset	(4,800)	-
- increase/(decrease) in trade and other payables	212,344	401,344
- increase/(decrease) in income taxes payable	(32,049)	29,855
- increase/(decrease) in deferred tax liability	(3,195)	(2,281)
- increase/(decrease) in provisions	(7,388)	(4,888)
Cashflows from operations	467,707	488,525

## **Credit Solutions (NSW) Pty Ltd**

ABN: 11 603 307 633

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2019**

### **20 Events Occurring After the Reporting Date**

In December 2019, the business operations of Credit Solutions (NSW) Pty Ltd was sold to Credit Clear Pty Ltd via a signed Business Sale Agreement. This sale included all entities within the Credit Solutions Group of which Credit Solutions (NSW) Pty Ltd was one of them.

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

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

### **21 Statutory Information**

The registered office and principal place of business of the company is:

Credit Solutions (NSW) Pty Ltd  
Level 5  
245 Fullarton Road  
Eastwood South Australia 5063

## Credit Solutions (NSW) Pty Ltd

ABN: 11 603 307 633

### Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2019 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position and performance of the Company;
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 .....

Dated this 23rd day of June 2020

Moore Stephens Audit (Vic)

Level 18, 530 Collins Street  
Melbourne Victoria 3000  
+61 (0)3 9608 0100

Level 1, 219 Ryrie Street  
Geelong Victoria 3220  
+61 (0)3 5215 6800

[victoria@moorestephens.com.au](mailto:victoria@moorestephens.com.au)

[www.moorestephens.com.au](http://www.moorestephens.com.au)

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDIT SOLUTIONS (NSW) PTY LTD**

### **Opinion**

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

In our opinion:

- a. the financial report of Credit Solutions (NSW) Pty Ltd is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Company's financial position as at 30 June 2019 and of their performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company 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 Company's annual report of the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

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

The directors of the 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 Company 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 Company 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/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.



**MOORE STEPHENS AUDIT (VIC)**

ABN 16 847 721 257



**ANDREW JOHNSON**

**Partner**

**Audit & Assurance Services**

Melbourne, Victoria

23 June 2020