ThinkSmart Europe Limited

Annual Report and Consolidated Financial Statements For the Year Ended 30 June 2022

Company Number: 04610727

Company Information

Directors	N Montarello G Halton K Jones
Company Secretary	G Halton
Company Number	04610727
Registered Office	7th Floor Oakland House Talbot Road Old Trafford Manchester M16 0PQ
Independent Auditors	BDO LLP 3 Hardman Street Manchester M3 3AT

Contents

Strategic Report

The Directors present their Strategic Report and the consolidated financial statements for the year ended 30 June 2022.

Principal Activities

The principal activity of the Group (comprising ThinkSmart Europe Ltd ("the Company") and its subsidiaries) during the year was the provision of lease and rental financing services in the United Kingdom ("UK") and the holding of a financial asset. The principal activity of the Company is that of a European investment holding company for the European entities that form part of the ThinkSmart Ltd ("ThinkSmart") Group.

Business review

The financial position at the end of the period is satisfactory. The consolidated profit and loss account is set out on page 12. The loss for the financial year ending 30 June 2022 of £60.3 million has been transferred to reserves (financial period ending 30 June 2021: Profit of £71.9 million). During this financial year dividends of £63.5 million were declared and paid (2021: £nil).

Excluding the loss on financial instruments of £59.8 million (2021: gain of £71.3 million) relating to the sale of the Group's retained holding in Clearpay Finance Ltd ("Clearpay") the business incurred a loss before and after tax for the year of £0.5 million (2021: loss of £0.8 million) which was driven by the cessation of new business from February 2021. Inertia income performed well throughout the year as did insurance commission income along with the managed cost reduction aligned to ongoing business activities. In addition, the UK business continued to provide an outsourced call centre customer support service for Clearpay which generated revenue of £0.8 million (2021: £0.9 million).

In the year to 30 June 2022, the portfolio of leases under management by ThinkSmart were all generated from its now terminated agreements with Dixon's Carphone ("DC"). The Group will continue to service its existing customer base ensuring the fair treatment of customers during the orderly winding up of the three products and will continue to benefit from the cash generated from this business.

Other operating expenses further reduced by 12% to £2.8 million (2021: £3.2 million) and remained controlled, aligned to current business activities.

Future Developments

The sale of 90% of Clearpay to Afterpay Ltd ("Afterpay") in August 2018 has been a significant pivot point for the Group. The Group's remaining 10% holding in Clearpay was sold to Afterpay on 14 January 2022 in exchange for 1,650,000 shares in Afterpay which were subsequently exchanged for 618,750 shares in NYSE listed Block Inc (NYSE: SQ)("Block") on 1 February 2022 following the implementation of the Scheme of Arrangement for Block to acquire Afterpay.

On 29 March 2022 the Company sold its 618,750 Block shares to its parent company, ThinkSmart Ltd, at market value of £65.2 million. The Company continues to manage its investments in its UK subsidiaries.

As of February 2021, the Group has ceased writing any new business volumes following the termination all of its agreements with its sole retail partner, DC, including Flexible Leasing, SmartPlan and Upgrade Anytime. All remaining active lease contracts have a minimum term (of up to four years) during which time the Group will continue to service its existing customers, collect out the lease receivables and realise the commission, inertia and insurance revenue on the leases written to February 2021. In addition, the business continues to provide an outsourced call centre customer support service for Clearpay.

The Group will continue to align its cost base with its volumes and review the ongoing strategy of its leasing arm together with continuing to look at options to leverage its established technology platform across its core leasing business.

On 29 July 2022 the Company's 100% parent, ThinkSmart Ltd, announced that it has entered into a binding Scheme Implementation Deed with Tuscan Equity Pty Ltd ("Tuscan Equity") under which Tuscan Equity would acquire the entire issued share capital of ThinkSmart Ltd pursuant to a scheme of arrangement under the Australian Corporations Act 2001 (Cth) ("the Scheme"). The implementation of the Scheme is subject to shareholder, regulatory and Court approval.

Business model

ThinkSmart is a leading digital payments company and provider of leasing finance for both consumers and businesses. ThinkSmart's core capability is to provide customer life cycle contract management through its market leading proprietary technology platform 'SmartCheck'.

ThinkSmart ceased writing new business in February 2021 and as such its leasing business is in managed wind-down.

The Group provides an outsourced call centre customer support service for Clearpay Finance Limited.

Risks and uncertainties
The Directors of the Group accept that risk is an inherent part of doing business and actively identify, monitor and manage material risks. Key material risks faced by the Group are:

The Group is exposed to the risk of default or fraud by its customers
The credit quality of accepted customers and the Group's policies and procedures to mitigate payment defaults has an impact on the Group's financial performance through impairment. Robust credit checking and collection processes combined with continual development of our IP capability in this area assist in managing and mitigating this risk.

The Group is subject to inherent risks from general macro-economic conditions in the UK, the Eurozone and globally
The Group's business is subject to general macro-economic conditions in the UK and volatility in the global economic and financial markets, both generally and as they specifically affect finance providers. The outlook for the UK economy remains somewhat uncertain as businesses adjust to operating under new UK-EU trade terms following the UK leaving the EU on 31 January 2020. The changes to consumer behaviour and pent up consumer demand driven by COVID-19 add to the uncertainty in the UK economic outlook. Adverse economic conditions in the UK, such as unemployment, or dramatic increases in inflation could also have a negative impact on the financial circumstances of the customers to whom the Group has financial exposure to.

COVID-19
Thanks to operating in a less affected sector of the economy, robust business continuity processes, proactive management and timely access to government support, the Group has so far been only minimally impacted by COVID-19. While the UK government enforced the closure of DC retail outlets for part of the financial year the Group continued to originate new and repeat business through the DC call centre. Having assessed the critical areas of cash flows, going concern, impairment of assets, accounting estimates and judgements and expected credit losses, the Group has more than adequate resources to meet its liabilities as they fall due even when stressed to reasonable worst case scenarios.

Prior to the outbreak of COVID-19 the Group already had in place a robust risk management structure which has been augmented by the adoption of a specific COVID-19 risk assessment and associated updates to operating procedures. In line with UK government guidance, the Group has facilitated remote working for all staff and supporting a safe working environment with a focus on staff health and wellbeing. The Group has in place adequate measures to ensure that its going concern status and ongoing performance will not be materially compromised by the impact of COVID-19.

The Group is exposed to changes in Government policies
Government policies (of both the UK and Australia) are subject to review and change on a periodic basis. Such changes are likely to be beyond the control of the Group and may adversely affect its operating and financial performance. At present, the Group is not aware of any reviews or changes that would materially affect its business.

The consumer credit industry is subject to extensive regulation, and companies operating in this sector are generally required to obtain authorisation from the FCA
The industry in which the Group operates is subject to a range of legislation and regulations. The Financial Conduct Authority ("FCA") is the regulatory body responsible for the consumer credit industry in the UK. The Group's activities are regulated by a regulatory framework based on a combination of the Financial Services and Markets Act 2000 and its secondary legislation, the provisions of the Consumer Credit Act 1974 and the FCA Rules. The volume and demands of regulation, and the regulatory scrutiny have increased since the transfer of regulatory powers from the Office of Fair Trading to the FCA in 2014.

In February 2021 the FCA published the Woolard Review on how regulation can support the market for unsecured lending including the developing buy-now-pay-later (BNPL) sector in which Clearpay is a market leader. The report recognises that BNPL offers consumers a significant alternative to more expensive traditional credit. The report also recognises that the current lack of regulation creates potential for consumer harm. Clearpay is committed to promoting good consumer outcomes and continues to work with HM Treasury and the UK Government regarding a proportionate regulatory framework for currently exempt BNPL products. The Group is a supplier of outsourced services to Clearpay.

The Group is dependent on information technology
The Group relies on information technology to process new lease contracts and the Group benefits from software developed for this purpose. The successful operation of the Group's business depends upon maintaining the integrity of its computer, communication and information technology systems. These systems and operations are vulnerable to damage, breakdown or interruption from events which are beyond the Group's control, such as fire, flood and other natural disasters; power loss or telecommunications or data network failures; improper or negligent operation of the Group's systems by employees, or unauthorised physical or electronic access; and interruptions to internet system integrity. Any such damage or interruption could cause significant disruption to the operations of the Group, its ability to trade and its reputation.

The Group is dependent on key personnel and an effective Board
The Group's continued success depends on its ability to retain current key members of the senior management team, with their experience and knowledge of the business. While the Group endeavours to retain key management personnel, there can be no guarantee that its key management personnel will continue in their employment with the Group. Any loss of key members of the senior management team would disrupt the Group's operations and may also have a material adverse effect on the Group's operating and financial performance and prospects.

Non-financial information Statement
The Board considers that the Group has the necessary resources, controls and risk management processes to professionally manage the ongoing operations of the business. Details of the board structure and operation, subcommittees and controls are detailed in the Report of the Directors.

Approval
This Strategic Report was approved by order of the Board

Gary Halton
Secretary
7th Floor, Oakland House, Talbot Road,
Old Trafford, Manchester, M16 0PQ

Date: 13 October 2022

Report of the Directors

The Directors hereby submit their Report and the accounts on the consolidated entity (referred to hereafter as the "Group") consisting of ThinkSmart Europe Limited ("the Company" or "ThinkSmart Europe") and the entities it controlled at the end of, or during, the year ended 30 June 2022, and the auditor's report there on.

Directors
The directors who held office during the year and up to the date of this report, were as follows:
N. Montarello
G. Halton
K. Jones

Strategic Report
The Group's principal activities, business review, future developments and risks and uncertainties disclosures are set out in the Strategic Report.

Going concern
The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

In forming their view, the directors have considered the Group's prospects for a period exceeding twelve months, from the date the financial statements were approved. The Company's parent undertaking, ThinkSmart Limited, provides support in the form of a loan which it has indicated will not be recalled until the Company is in a position to repay the loan. Provided that the Company receives ongoing support at the current level the forecasts indicate that the Group will have sufficient funds for the period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Directors have assessed the impact of COVID-19 on the current and forecast position of the Group. As the Group has only been minimally impacted the directors confirm that they are satisfied that the Group has adequate resources to meet its liabilities as they fall due even when stressed to reasonable worst case scenarios. For this reason, they continue to adopt the going concern basis for preparing the accounts.

Political and charitable contributions
The Company made no political or charitable donations during the year, (2021: £nil).

Disclosure of information to auditors
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor
The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approval
By order of the board

Gary Halton
Secretary
7th Floor, Oakland House, Talbot Road,
Old Trafford, Manchester, M16 0PQ

Date: 13 October 2022

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the consolidated financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explain in the financial statements;
- for the parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in the Directors' Report may differ from legislation in other jurisdictions.

To the best of our knowledge:

- The Group financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principle risks and uncertainties that they face.

Independent auditor's report to the members of ThinkSmart Europe Limited

Opinion on the financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ThinkSmart Europe Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 June 2022 which comprise Consolidated Statement of Profit & Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Report of the Directors, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability 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 the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs (UK) 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 these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding and accumulated knowledge of the Group and Parent Company and the sector in which they operate we considered the risk of acts which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the Group accounting policies, International Financial Reporting Standards, UK GAAP, the Companies Act 2006, compliance with FCA requirements and those that relate to the payment of employees. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with year-end cut-off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to revenue recognition, the estimation of useful lives of assets, carrying value of intangibles and investments, provision for bad and doubtful debts and valuation and completeness of accruals and other provisions;
- Revenue year end cut-off procedures;
- In addressing the risk of fraud through management override of controls; testing the appropriateness of journal entries and other adjustments, in particular any journals posted by senior management, privileged users or with unusual account combinations;
- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of Board meetings throughout the period, reviewing correspondence with regulators;
- We also performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- We considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Julien Rye
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Julien Rye (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK
13 October 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Profit & Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2022

	Notes	12 Months to June 2022 £,000	Restated 12 Months to June 2021 £,000
Continuing operations			
Revenue	6(a)	3,268	4,286
Other revenue	6(b)	207	63
Total revenue		3,475	4,349
Customer acquisition cost	6(c)	(74)	(258)
Cost of inertia assets sold	6(d)	(166)	(335)
Other operating expenses	6(e)	(2,817)	(3,219)
Depreciation and amortisation	6(f)	(802)	(1,401)
Impairment (losses)/gains	6(g)	(103)	41
(Losses)/Gains on Financial Instruments	6(h)	(59,762)	71,267
Other gains	6(i)	-	1,450
(Loss)/Profit before tax		(60,249)	71,894
Income tax (charge)/benefit	7	-	-
Net (Loss)/Profit after tax – attributable to owners of the Company		(60,249)	71,894
Total comprehensive (loss)/income for the year attributable to owners of the Company		**(60,249)**	**71,894**

The attached notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	June 2022 £,000	Restated June 2021 £,000
Current assets			
Cash and cash equivalents	23(a)	2,704	3,789
Trade receivables	23(c)	17	56
Finance lease receivables	8	866	38
Other current assets	9	173	299
Total current assets		3,760	4,182
Non-current assets			
Finance lease receivables	8	46	-
Plant and equipment	13	98	302
Intangible assets	14	188	590
Financial assets at fair value through profit or loss	10	-	125,000
Contract assets	11	-	777
Other non-current assets	12	3	2,069
Total non-current assets		335	128,738
Total assets		4,095	132,920
Current liabilities			
Trade and other payables	16	(563)	(681)
Lease liabilities	17	(46)	(103)
Contract liabilities	18	(39)	(410)
Provisions	16	(3)	(5)
Total current liabilities		(651)	(1,199)
Non-current liabilities			
Lease liabilities	17	-	(45)
Contract liabilities	18	-	(332)
Other interest bearing liabilities	19	(1,029)	(5,180)
Total non-current liabilities		(1,029)	(5,557)
Total liabilities		(1,680)	(6,756)
Net assets		**2,415**	**126,164**
Equity			
Issued capital	20(a)	1,250	1,250
Accumulated profits	27	1,165	124,914
Total equity		**2,415**	**126,164**

The attached notes form an integral part of these consolidated financial statements.

The financial statements of ThinkSmart Europe Limited were approved by the Board of Directors and authorised for issue on 13 October 2022. They were signed on its behalf by:

Gary Halton (Director)
Company Number 04610727

Company Balance Sheet

As at 30 June 2022

	Note	30 June 2022	30 June 2021
		£,000	£,000
Fixed assets			
Investments	15	673	4,418
Financial assets at Fair Value through profit and loss	10	-	125,000
Current assets			
Cash at bank and on hand		2,127	1,084
Intercompany debtors	9	585	246
Total assets		3,385	130,748
Current liabilities			
Creditors		(2)	(4)
Loan from ThinkSmart Limited	19	(1,029)	(5,180)
Total assets less current liabilities		2,354	125,564
Net assets		**2,354**	**125,564**
Capital and reserves			
Called up share capital	20(a)	1,250	1,250
Profit and loss account		1,104	124,314
Shareholders' funds		**2,354**	**125,564**

The attached notes form an integral part of these financial statements.

The financial statements of ThinkSmart Europe Limited were approved by the Board of Directors and authorised for issue on 13 October 2022. They were signed on its behalf by:

Gary Halton (Director)
Company Number 04610727

Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2022

Consolidated	Fully paid ordinary shares	Foreign currency translation reserve	Accumulated Profit	Attributable to equity holders of the parent
	£,000	£,000	£,000	£,000
Balance at 1 July 2020 as originally presented	1,250	2,600	50,420	54,270
Effect of prior period adjustment (see note 27)	-	(2,600)	2,600	-
Restated balance at 1 July 2020	1,250	-	53,020	54,270
Restated profit for the year (see note 27)	-	-	71,894	71,894
Total comprehensive income for the year	-	-	71,894	71,894
Restated balance at 30 June 2021	1,250	-	124,914	126,164
Restated balance at 1 July 2021 (see note 27)	1,250	-	124,914	126,164
Loss for the year	-	-	(60,249)	(60,249)
Total comprehensive income for the year	-	-	(60,249)	(60,249)
Dividends paid	-	-	(63,500)	(63,500)
Balance at 30 June 2022	1,250	-	1,165	2,415

The attached notes form an integral part of these consolidated financial statements.

Company Statement of Changes in Equity

For the year ended 30 June 2022

	Fully paid ordinary shares	Accumulated profit	Total Equity
	£,000	£,000	£,000
Balance at 1 July 2020	1,250	52,484	53,734
Profit for the year	-	71,830	71,830
Total comprehensive profit for the financial year	-	71,830	71,830
Balance at 30 June 2021	**1,250**	**124,314**	**125,564**
Balance at 1 July 2021	1,250	124,314	125,564
Loss for the year	-	(59,710)	(59,710)
Total comprehensive profit for the financial year	-	(59,710)	(59,710)
Dividends paid	-	(63,500)	(63,500)
Balance at 30 June 2022	**1,250**	**1,104**	**2,354**

The attached notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 30 June 2022

	12 Months to June 2022 £,000	Restated 12 Months to June 2021 £,000
Cash Flows from Operating Activities		
(Loss)/profit before tax	(60,249)	71,894
Adjustments for		
Depreciation	400	437
Amortisation	402	964
Impairment losses/(gains) on finance lease receivable	116	(57)
Cost of inertia assets realised	184	655
Losses/(gains) on financial instruments	59,762	(71,267)
Trade receivables, deposits held with funders and leases	2,230	725
(Payments)/receipts in respect of Finance lease receivables	(989)	465
Contract asset recognised to revenue	438	(264)
Trade and other creditors	(115)	(437)
Contract liabilities	(742)	(585)
Provisions	(2)	(6)
Net cash from operating activities	1,435	2,524
Cash Flows from Investing Activities		
Payments for plant and equipment	(41)	(17)
Payment for intangible assets – software & contract rights	-	(122)
Net cash from/(used in) investing activities	(41)	(139)
Cash Flows from Financing Activities		
Payment of lease liabilities	(103)	(93)
Payment of other interest-bearing liabilities	(2,376)	(3,233)
Net cash used in financing activities	(2,479)	(3,326)
Net decrease in cash and cash equivalents	(1,085)	(941)
Cash and cash equivalents at beginning of the financial year	3,789	4,730
Total cash and cash equivalents at the end of the financial period	2,704	3,789

The attached notes form an integral part of these consolidated financial statements.

Notes to the Financial Statements

1. General Information

ThinkSmart Europe Limited (the "Company") is a private company limited by shares incorporated and domiciled in England and Wales. The consolidated financial statements of the Company comprise the Company and its subsidiaries (the "Group"). The Company and the Group are for profit entities and their principal activities during the year were the provision of lease and rental financing services in the UK, and the holding of a financial asset. The Company's registered address is 7th Floor Oakland House, Talbot Road, Old Trafford, Manchester, M16 0PQ.

2. Basis of Preparation

2.1 Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the United Kingdom Endorsement Board (UKEB), UK-adopted IFRS. The Company's individual financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") and the Companies Act 2006. They were authorised for issue by the Company's board of directors on 13 October 2022.

Details of the Group's accounting policies, including changes during the year, are included in note 3.

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Statement of Comprehensive Income in these financial statements.

In preparing these financial statements, management have made judgements, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The areas where judgements and estimates have been made in preparing the consolidated financial statements are disclosed in note 4.

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. The consolidated financial statements are presented in British Pounds, which is the Company's functional currency, and all values are rounded to the nearest thousand (£,000), except when otherwise indicated.

2.2 Going Concern

The consolidated financial statements are prepared on a going concern basis, as the Directors are satisfied that both the Company and Group have the resources to continue in business for the foreseeable future (which has been taken as 12 months from the date of approval of these consolidated financial statements). In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including the current state of the statement of financial position, future projections of profitability, cash flows and resources and the longer term strategy of the business. The Directors have assessed the impact of COVID-19 on the current and forecast position of the Company and the Group. As the Company and the Group have only been minimally impacted the Directors are satisfied that both have more than adequate resources to meet their liabilities as they fall due even when stressed to reasonable worst-case scenarios.

The Company's parent undertaking, ThinkSmart Limited, provides support in the form of a loan which it has indicated will not be recalled until the Company is in a position to repay the loan. Provided that the Company receives ongoing support at the current level the forecasts indicate that the Company will have sufficient funds for the period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

2.3 Disclosure Exemptions – parent Company individual financial statements

In preparing its individual financial statements under FRS 101, the Company has taken advantage of the following disclosure exemptions permitted by FRS 101:

- The requirements of IFRS 7 Financial Instruments: Disclosures;
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;

- The requirements in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
    - Paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
    - Paragraph 118 (e) of IAS 38 Intangible Assets.
- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- The requirements of paragraphs 117 and 18A of IAS 24 Related Party Disclosures; and
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into by two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

3. Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

(a) Basis of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation
Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those applied by other members of the Group. All intra-group balances, transactions, income and expenses are eliminated in full on consolidation.

(iii) Subsidiary audit exemption
For the financial year ended 30 June 2022, ThinkSmart Europe Limited has agreed to guarantee all outstanding liabilities that certain subsidiaries are subject to at the end of the financial year. This has entitled these certain subsidiaries to exemption from audit under section 479A of the Companies Act relating to subsidiary companies. The subsidiaries to which this applies are: RentSmart Limited, ThinkSmart Insurance Services Administration Limited, ThinkSmart Financial Services Limited and ThinkSmart UK Limited.

(b) Business combinations
For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

(c) Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a contract liability.

Some forms of revenue fall outside the scope of IFRS 15 – Revenue from Contracts with Customers, of relevance to ThinkSmart this includes revenue under IFRS 16 Leases and IFRS 9 Financial Instruments.

The Group previously had relationships with retail partners to act as a facilitator and arranger of financing arrangements to allow those retailers to provide technological products to consumers under short/medium term finance contracts. At the time of origination the financing was obtained by the Group from third party funding partners.

Depending on the nature of the agreements with those funders, these contracts resulted in the Group acting as a lessor or as the agent of the funder (who is then the lessor).

Where the Group is acting as the lessor it follows the treatment outlined in IFRS 16. In accordance with IFRS 16 nearly all the contracts are considered to be finance leases and the only source of revenue is Finance Lease Income. This Finance Lease Income is recognised on the effective interest rate method at the constant rate of return. This method amortises the lease asset over its economic life down to the estimate of any unguaranteed residual value that is expected to be accrued to the Group at the end of the lease.

Where the Group was acting as agent prior to the purchase of the STB lease portfolio on 31 January 2022, and where the Group continues to service leases acquired under the operating agreement, it receives the following revenue streams:

Commission income
This includes the upfront cash transaction fee receivable from the funder together with the non-cash consideration between the funder and the end customer (for the contract or inertia asset) which is allocated under IFRS 15 between the inception/brokerage of the lease arrangement, a financial guarantee contract premium over the lease term, a contract liability reflecting the reversal constraint for the potential refund of the transaction fee, and the non-cash consideration contract asset accruing over the lease term.

Extended rental income
Once the contract between the funder and the end customer expires the asset becomes the property of the Group and any extended rental income is payable to the Group, being recognised when receivable.

Income earned from sale of inertia assets
At the end of the extended rental period any proceeds on disposal of the asset are recognised at the point of disposal.

Services revenue – insurance
Lease customers of hire agreements originated by the Group are required to have suitable insurance in respect of the leased equipment. If these customers do not make independent insurance arrangements the Group arranges insurance and collects the premiums on their behalf, receiving a commission from the insurer for doing so.

Outsourced services
The Group generates revenue through the provision of outsourced services. The Group is a B2B provider of call centre customer services. The provision of call centre services comprise the whole and single contractual obligation and all revenue is recognised at the same time as this is fulfilled. There is no variable income attached to the services provided and all costs are expensed as incurred.

(d) Cash and cash equivalents
Cash comprises cash on hand and demand deposits with an original maturity of less than 3 months. Cash equivalents are short-term, highly liquid investments that are readily converted to known amounts of cash which are subject to an insignificant risk of change in value.

(e) Plant and equipment
Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives they are accounted for as separate items (major components) of property, plant and equipment. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

Depreciation
Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of the asset, that component is depreciated separately. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The following estimated useful lives are used in the calculation of depreciation:

• *Office furniture, fittings, equipment and computers*	*3 to 5 years*
• Leasehold improvements	the lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date. If on review the remaining useful life of any asset is found to be shorter than its useful life at recognition then the depreciation schedule is accelerated to reflect the shorter remaining useful life with any adjustment charged to depreciation cost.

(f) Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract between the funder and the end customer, for which the Group receives commission under the funder contract and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

(g) Trade and other payables

Trade payables are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services and measured at fair value.

(h) Financial instruments

The financial instruments held by the Group are the financial assets and financial liabilities reflected in the statement of financial position. In the prior year the financial instruments held by the Group comprised the 10% holding in Clearpay Finance Limited and the Financial Guarantee Contract with STB. As at 30 June 2022 both the 10% holding in Clearpay Finance Limited and the Financial Guarantee Contract with STB had been derecognised. Other assets and liabilities held by the Group excluded from financial instruments include lease contracts which are accounted for under IFRS 16, property, plant and equipment, intangible assets, accruals, prepayments, provisions, tax liabilities and investments in subsidiaries.

(i) Non-derivative financial assets

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- The Group's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

The Group measures a financial asset at fair value through profit or loss unless it is measured at amortised cost or fair value through other comprehensive income having met the criteria specified in IFRS 9 – Financial Instruments in respect of business model and cash flows that are solely payments of principal and interest.

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

Insurance prepayment

In relation to business customers who do not already have insurance, a policy is set up through a third party insurance provider. The Group pays for the insurance cover upfront and also recognises its income upfront which creates an insurance prepayment on the statement of financial position. The Group subsequently collects the insurance premium from the customer on a monthly basis over the life of the rental agreement, which reduces the prepayment. Where a policy is cancelled, the unexpired premiums are refunded to the Group.

Other financial assets
Other financial assets are initially valued at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which assets are held and the contractual cash flow characteristics of the financial asset.

(ii) Non-derivative financial liabilities
The Group initially recognises financial liabilities on the date they are originated. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Transaction costs consist of legal and other costs that are incurred in connection with the borrowing of funds. These costs are capitalised and then amortised over the life of the loan.

Financial guarantee contracts
Financial guarantees issued by the Group are recognised as financial liabilities at the date the guarantee is issued. Liabilities arising from financial guarantee contracts, are initially recognised at fair value and subsequently at the higher of the amount of expected credit losses determined under IFRS 9 and the amount initially recognised less cumulative amortisation.

The fair value of the financial guarantee is determined by way of calculating the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation. Any increase in the liability relating to financial guarantees is recognised. Any liability remaining is derecognised in profit or loss when the guarantee is discharged, cancelled or expires.

(iii) Impairment of assets
Financial assets, including finance lease receivables and loan receivables
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through profit or loss. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate. For lease receivables the Group applies the simplified approach as such the loss allowance is based on the asset's lifetime expected credit losses.

For financial assets measured at fair value through other comprehensive income, gains or losses are recognised in other comprehensive income, except for impairment gains of losses and foreign exchange gains or losses, until the asset is derecognised or reclassified. In all other cases, the loss allowance in excess of amounts previously recognised is recognised in profit or loss.

Non-financial assets
The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Group of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the other assets in the unit (Group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in the prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Intangible assets

Intellectual property

Intellectual property is recorded at the cost of acquisition and is amortised on a straight line basis over 20 years.

Contract Rights

The contractual rights obtained by the Group under financing agreements entered into with its funding partners and operating agreements with its retail partners constitute intangible assets with finite useful lives. These contract rights are recognised initially at cost and amortised over their expected useful lives. In relation to funder contract rights, the expected useful life is the earlier of the initial contract minimum term or expected period until facility limit is reached. At each reporting date a review for indicators of impairment is conducted.

Software development

Software development costs are capitalised only up to the point when the software has been tested and is ready for use in the manner intended by management. Software development expenditure is capitalised only if the development costs can be measured reliably, the product process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. The intangible asset is amortised on a straight line basis over its estimated useful life, which is between 3 and 5 years. Capitalised software development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(j) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

The Group pays defined contributions for post-employment benefit into a separate entity. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the period during which services are rendered by employees. Termination benefits are recognised as an expense when the Group is committed, it is probable that settlement will be required, and they are capable of being reliably measured.

(k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(l) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax payable for current and prior periods is recognised as a liability to the extent that it is unpaid. Carried forward tax recoverable on tax losses is recognised as a deferred tax asset where it is probable that future taxable profit will be available to offset in future periods.

Deferred tax

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year
Current and deferred tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess purchase consideration.

(m) Value added tax
Revenues, expenses and assets are recognised net of the amount of value added tax (VAT) except:

(i) where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
(ii) receivables and payables which are recognised inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The VAT 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.

(n) Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured at historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are presented in profit or loss on a net basis, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, which are recognised in other comprehensive income.

(o) Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligations. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(p) Measurement of fair values
A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the highest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in the following notes:

Note 10 – financial assets at fair value through profit or loss; and
Note 23(b) – financial instruments.

(q) Government Grants
In the current year the Group has applied for and received government support through the UK government Coronavirus Job Retention Scheme (CJRS). The Group recognises government grants only where it is reasonably certain that the Group will comply with the conditions attached to the grant and it is reasonably likely that the grant will be received. The CJRS is designed to compensate for staff costs so the Group recognises grant funding in the period necessary to match it with the corresponding staff costs. A grant receivable as compensation for expenses already incurred is recognised when it becomes receivable. The Group presents the relevant expenses net of any grant income received (note 6(e)).

(r) Leases where the Group acts as lessee
The Group recognises assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. On entering a lease contract the Group recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The right of use asset is measured as being equal to the value of the lease liability at the inception of the lease, plus the initial direct costs incurred and the estimated costs for restoring the property to its original condition. Depreciation on the right of use asset is charged on a straight-line basis over the ten year period of the lease.

The lease liability in respect of the lease payments due to the lessor is measured at each reporting date as the present value of all future lease payments due. As the interest rate implicit in the lease is not readily determinable the discount rate of 9.14% used is the Group's incremental borrowing rate being the STB cost of funds using an estimated 10 year interest rate swap at February 2013. The only lease held by the Group which is relevant to IFRS 16 is for its office space at Oakland House, Manchester.

(s) New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended International Financial Reporting Standards that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations have been adopted in the annual financial statements for the year ended 30 June 2022, but have not had a material effect on the Group:

Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 139, IFRS 7, IFRS 4 and IFRS 16)
These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 1 January 2021. As the Group has no loans whose contractual terms are affected by interest benchmark reform there was no impact on the Group from the adoption of these amendments.

(t) Accounting policies available for early adoption not yet adopted
A number of new and revised standards issued by the IASB have not yet come into effect. Below are those which are effective in future accounting periods that the group has decided not to adopt early.
The following amendments are effective for accounting periods beginning on or after 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IFRS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IFRS 16);
- Insurance Contracts - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to 1 January 2023;
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 141); and
- References to Conceptual Framework (Amendments to IFRS 3).

In January 2020, the IASB issued amendments to IAS 101, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

4. Critical accounting estimates and judgements

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

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue from contracts with customers
When recognising revenue in relation to the provision of services to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the service to the customer, as this is deemed to be the time that the customer obtains the benefits and control of the service.

Principal vs agent
Judgement is exercised in relation to certain services that the group was providing in relation to leases entered in to by an end customer with the lessor (Secure Trust Bank ("STB")) as to whether the group was acting as principal in the arrangement or as agent. Up to the Group's purchase of the STB portfolio of leases on 31 January 2022, management have determined that having regard to the contractual conditions with STB and the rights attaching to consumer contracts for the leases entered in to by the end customer with STB that the group was acting as agent and recorded commission income from STB.

Financial guarantee contract
Financial guarantee contracts are initially recognised at fair value and subsequently at the higher of the amount of expected credit losses determined under AASB 9 and the amount initially recognised less cumulative amortisation. The fair value of the financial guarantee is a key estimate and is determined by way of calculating the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation. This has been determined from historic data and forward looking estimates to determine expected default rates. This fair value determines a financial guarantee premium which is recognised as revenue over the term of the lease between the end customer and STB. The financial guarantee contract with STB was terminated on 31 January 2022.

Determination of variable consideration
Up to 31 January 2022 judgement was exercised in estimating variable consideration which was determined having regard to past experience with respect to the expected default rates where the customer (STB) had the right to clawback from the Group's commission income any amount of default on lease payments due from the end customer under the financial guarantee contract. Revenue in respect of this amount of commission income was only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved. On termination of the STB Operating Agreement it became highly probable that a reversal of any commission income recognised under the contract will not occur.

Contract right income
A contract asset was recognised where the Group acted as agent for the lessor (STB) during an end customer's minimum lease term with STB and the Group have a contractual right to an inertia asset at the end of this minimum lease term. Contract assets were recognised as revenue accruing over the minimum lease term up to the fair value of the inertia asset at the end of that minimum lease term. The fair value is determined based on available market data regarding expected returns for a similar risk asset and discounted using a credit risk rate. On termination of the STB Operating Agreement and purchase of the STB portfolio of leases the Group derecognised the accrued contract right income and recognised a finance lease receivable, including residual value, in respect of the portfolio of leases acquired.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

A. Judgements
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 6 - commission income: whether the Group acts as an agent in the transaction rather than as principal; and
Note 8 - leases: whether an arrangement contains a finance lease.

B. Assumptions and estimation uncertainties
The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period are discussed below:
Note 3(c) - Determination of consideration of separate performance obligation

5. Financial Risk Management

Overview
The Group has exposure to the following risks from the use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

This note presents information about the Group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing financial risks, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring risk management policies. The Committee reports to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed to reflect the changes in market conditions and the Group's activities. The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit Risk
Credit risk refers to the risk that a counterparty or customer will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults. The Chief Financial Officer and Financial Controller have day to day responsibility for managing credit risk within the risk appetite of the Board. Appropriate oversight occurs via monthly credit performance reporting to management and the Board.

The trading subsidiaries have an obligation to meet the cost of future bad debts incurred by its funders. The funder deposits discussed below represent security for that credit exposure. Further information is provided in Note 23(c).

To manage credit risk in relation to its customers, there is a credit assessment and fraud minimisation process delivered through its patented SmartCheck system. The credit underwriting system uses a combination of credit scoring and credit bureau reports as well as electronic identity verification and a review of an applicant's details against a fraud database. The credit policy is developed by the Head of Credit Risk and applied by the Credit Risk Committee with Board approval. The Head of Credit Risk monitors ongoing credit performance on different cohorts of customer contracts. In addition there exists a specialist collections function to manage any delinquent accounts.

Credit risk exposure to the funder deposit with Secure Trust Bank is more concentrated, however the counterparty is a regulated banking institution and the credit risk exposure is assessed as low. The Group monitors the credit risk associated with the funder deposit counterparty.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The consolidated entity manages liquidity risk by maintaining adequate reserve facilities by continuously reviewing its facilities and cash flows. The Group ensures that it has sufficient cash on demand to meet expected operational expenses and financing subordination requirements.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Interest rate risk
Exposure to interest rate risk on any corporate borrowings will be assessed by the Board and, where appropriate, the exposure to movement in interest rates may be hedged by entering into interest rate swaps, when considered appropriate by management and the Board.

Operational risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management aims to maintain a capital structure that ensures the lowest cost of capital available to the Group. Management constantly reviews the capital structure to ensure it achieves this objective. The Group's debt-to-adjusted capital ratio at the end of the reporting period was as follows:

	30 June 2022	**30 June 2021**
	£,000	**£,000**
Total liabilities	1,680	6,756
Less cash and cash equivalents	(2,704)	(3,789)
Net (cash)/debt	(1,024)	2,967
Total capital	2,415	126,164
(Cash)/Debt-to-adjusted capital ratio	(0.42)	0.02

For the purposes of capital management, capital consists of share capital, reserves and retained earnings.

The Board assesses the Group's ability to pay dividends on a periodic basis. In the year ending 30 June 2022 the Group paid a dividend of £63.5 million (2021: £nil).

6. Consolidated Statement of Profit and Loss

The following is an analysis of the Group's Consolidated Statement of Profit and Loss. Profit is arrived at after crediting/(charging) the following items:

	12 Months to 30 June 2022 £,000	12 Months to 30 June 2021 £,000
(a) Revenue		
Commission income	594	851
Extended rental income	1,284	1,566
Income earned from sale of inertia equipment	396	698
Outsourced services	843	863
Services revenue – insurance commission	82	226
Interest revenue – other entities	60	65
Fee revenue – customers	9	17
	3,268	4,286
(b) Other revenue		
Finance lease income	207	63
	207	63
Total revenue	3,475	4,349
All revenue is generated in the UK from the following products:		
SmartPlan	2,496	3,205
Upgrade Anytime	69	147
Flexible Leasing	9	68
Other/non-product specific	901	929
	3,475	4,349

(c) Customer acquisition costs

Customer acquisition costs relate to commissions payable to our retail partners together with sales and marketing expenses incurred during the ongoing promotional activity of the finance contracts to new and existing customers.

(d) Cost of inertia assets sold

Cost of inertia assets sold is the write-off of inertia assets, including that transferred from PPE Operating Lease assets when the end customer terminates their lease agreement during secondary period, upon sale of inertia equipment.

(e) Other operating expenses

Group

	30 June 2022 £,000	Restated 30 June 2021 £,000
Wages and salaries (i)	(1,126)	(1,441)
Social security costs	(108)	(117)
Employee pension costs	(94)	(93)
Employee benefits expense	(1,328)	(1,651)
Occupancy costs	(151)	(136)
Lease interest charge	(10)	(19)
Professional services	(181)	(371)
Finance charges	(9)	(92)
Losses arising from financial guarantee contract	(14)	(104)
Recharges from ThinkSmart Ltd	(597)	(603)
Gain/(loss) on retranslation of AUD loan from ThinkSmart Ltd	(190)	169
Other costs	(337)	(412)
	(2,817)	(3,219)

(i) Wages and salaries are presented net of government grants received through the UK government Coronavirus Job Retention Scheme. In the year the Group received payments of £478 (FY21: £30,629).

The monthly average number of people, including directors, employed by the Group during the year was as follows:

	30 June 2022 No.	30 June 2021 No.
Operational	32	38
Administration	12	12
	44	50

Directors' remuneration	30 June 2022 £,000	30 June 2021 £,000
Short-term employee benefits	175	175
Social security costs	23	23
	198	198
Highest paid director	198	198

(f) Depreciation and amortisation	30 June 2022 £,000	30 June 2021 £,000
Depreciation	(400)	(437)
Amortisation	(402)	(964)
	(802)	(1,401)

(g) Impairment losses	30 June 2022 £,000	30 June 2021 £,000
Impairment losses on finance leases and receivables	13	(16)
Movement in provision for expected credit losses	(116)	57
	(103)	41

(h) Gains on financial instruments

	30 June 2022 £,000	30 June 2021 £,000
Realised loss	(59,762)	-
Unrealised gain	-	71,267
	(59,762)	71,267

In the period to 30 June 2022 realised losses arose from the Group's investment in 10% of Clearpay Finance Limited ("Clearpay"). On 14 January 2022 the ThinkSmart Europe Ltd sold its 10% holding in Clearpay to Afterpay Limited ("Afterpay") for 1,650,000 shares in Afterpay. The shares in Afterpay were subsequently exchanged for 618,750 shares in Block on 1 February 2022 as a result of the acquisition of Afterpay by NYSE listed Block Inc ("Block")(NYSE:SQ). On 29 March 2022 ThinkSmart Europe Ltd sold its Block shares to its parent company ThinkSmart Ltd at the market value of £65.2 million.

In the period to 30 June 2021 unrealised gains arose from the revaluation of the Group's investment in 10% of Clearpay Finance Limited (see note 10).

	30 June 2022	30 June 2021
(i) Other gains	**£,000**	**£,000**
Fair value gain on financial asset through profit and loss	-	1,450
	-	1,450

In the period to 30 June 2021 other gains arose on the settlement of legal claims against Carphone Warehouse as announced on 10 August 2020.

7. Income Tax

	30 June 2022 £,000	30 June 2021 £,000
Amounts recognised in profit and loss		
The major components of income tax (expense)/benefit are:		
Current income tax expense	-	-
Adjustment for prior year	-	-
Deferred income tax (expense)/benefit		
Origination and reversal of temporary differences	-	-
Adjustment for prior year	-	-
Total income tax (expense)/benefit	-	-

A reconciliation between tax expense and the product of accounting profit before income tax from continuing operations multiplied by the applicable income tax rate is as follows:

	30 June 2022 £,000	Restated 30 June 2021 £,000
Accounting (loss)/profit before tax	(60,249)	71,894
At the statutory income tax rate of 19% (FY21: 19%)	11,447	(13,660)
Non-deductible expenses	-	(3)
Non-(deductible)/taxable (loss)/gain (Substantial Shareholdings Exemption)	(11,355)	13,541
Capital gain on sale of shares	(915)	-
Losses brought forward utilised	823	122
Income tax credit/(charge)	-	-

The Group has an unrecognised deferred tax asset of £nil at 30 June 2022 (30 June 2021: £1.1m being mainly in respect of the estimated £4.4m of UK tax losses carried forward at the substantively enacted UK corporation tax rate of 25%).

8. Finance lease receivables

Group

	30 June 2022 £,000	30 June 2021 £,000
Current		
Gross investment in finance lease receivables	664	29
Unguaranteed residuals	522	24
Unearned future finance lease income	(202)	(6)
Net lease receivable	984	47
Allowance for expected credit losses	(118)	(9)
	866	38
Non-current		
Gross investment in finance lease receivables	35	-
Unguaranteed residuals	27	-
Unearned future finance lease income	(10)	-
Net lease receivable	52	-
Allowance for expected credit losses	(6)	-
	46	-

	30 June 2022 £,000	30 June 2021 £,000
Balance at 1 July	38	446
Additions	1,516	-
Receipts in respect of lease receivable	(746)	(511)
Finance lease income	207	62
Impairment loss	(103)	41
	912	38

All finance leases detailed above have a minimum lease term of 2, 3 or 4 years, see note 3(h) for further information on the accounting policy for these finance leases and note 5 for further information on financial risk management. See note 23(c) for detailed analysis of the ageing of lease receivables and expected credit losses recognised.

9. Other Current Assets

Group

	30 June 2022 £,000	30 June 2021 £,000
Prepayments	118	141
Insurance prepayments	-	4
Accrued income - insurance commission (see Note 12(i))	55	154
	173	299

Company

	30 June 2022 £,000	30 June 2021 £,000
Intercompany – RentSmart Ltd	561	(14)
Intercompany – ThinkSmart UK Ltd	-	250
Intercompany – ThinkSmart Insurance Services Administration Ltd	24	10
	585	246

The unsecured intercompany loans have no fixed repayment date and are due on demand. The unsecured intercompany loan to ThinkSmart UK is interest free.

10. Financial assets at fair value through profit or loss

Group and Company

	30 June 2022 £,000	30 June 2021 £,000
Investment in Clearpay Finance Limited	-	125,000
	-	125,000

At 30 June 2021 the Group held a 10% shareholding in Clearpay which was held as an investment at fair value through profit or loss under AASB 9. The investment in Clearpay was a level 3 financial instrument. The Group engaged a third party global professional services firm to value its retained shareholding in Clearpay at 30 June 2021 for accounting purposes under AASB 9 in accordance with AASB 13 (Fair Value Measurement). On 14 January 2022 the Group sold its 10% shareholding in Clearpay to Afterpay in exchange for 1,650,000 shares in Afterpay. In August 2021 Block previously known as Square Inc ("Square") and Afterpay announced the intention for Block to acquire Afterpay in a deal which valued Afterpay at US$29 billion (AU$39 billion). On 1 February 2022 Block completed the acquisition of Afterpay resulting in the 1,650,000 Afterpay shares held by the Group being exchanged for 618,750 shares in Block. On 29 March 2022 ThinkSmart Europe sold its Block shares to its parent company ThinkSmart Ltd resulting in the derecognition of the financial instrument in ThinkSmart Europe.

11. Contract assets

Group

	30 June 2022 £,000	30 June 2021 £,000
Balance at 1 July	777	1,430
Recognised as revenue in period (i)	221	370
Recognised as customer acquisition cost (ii)	(169)	(110)
Transferred to Plant & Equipment Operating lease additions	(338)	(913)
Disposals (iii)	(491)	-
	-	777

Contract asset revenue to be recognised less than 1 year	-	215
Contract asset revenue to be recognised between 1 and 2 years	-	71
Contract asset revenue to be recognised between 2 and 3 years	-	10
Contract asset revenue to be recognised between 3 and 4 years	-	-
	-	296

(i) A contract asset is recognised where the Group act as agent for the lessor (STB) during the minimum lease term and have a contractual right to the inertia asset at the end of the minimum lease term. Contract assets are recognised as revenue accruing over the minimum lease term building up inertia asset (non-cash consideration) over the minimum lease term.

(ii) Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract between the funder and the end customer, for which the Group receives commission under the funder contract, and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

(iii) On 31 January 2022 the Group terminated the Operating Agreement with STB including the transfer of the related lease portfolio to the Group. On completion of the termination of the Operating |Agreement the contractual conditions giving rise to the Contract Assets ceased to exist and the balance of these assets were de-recognised by the Group.

12. Other Non-Current Assets

Group

	30 June 2022 £,000	30 June 2021 £,000
Accrued income - insurance commission (i)	3	48
Deposits held by funders (ii)	-	2,021
	3	2,069

(i) Accrued income reflects brokerage commission earned from making insurance arrangements on behalf of lessee's and is net of a clawback provision. The clawback provision for each reporting year has been estimated to be 30% based on historical experience and is calculated on the gross commission receivable.

(ii) Up to 31 January 2022 deposits were held by funders for the servicing and management of their portfolios in the event of default. On 8 February 2022, following termination of the Operating Agreement, the deposits were repaid to the Group net of consideration for the purchase of the STB lease portfolio (see note 8).

13. Plant and Equipment

Group

	Plant & Equipment (UK) £,000	Office Lease Right of Use Asset £,000	Plant & Equipment Operating Lease £,000	Total £,000
Gross Carrying Amount				
Cost or deemed cost				
Balance at 1 July 2020	152	690	360	1,202
Transferred from contract assets	-	-	917	917
Transferred to cost of inertia assets sold	-	-	(655)	(655)
Additions	17	-	-	17
Disposals	(78)	-	(339)	(417)
Balance at 30 June 2021	91	690	283	1,064
Transferred from contract assets	-	-	339	339
Transferred to cost of inertia assets sold	-	-	-	-
Additions	41	-	-	41
Disposals	(49)	-	(567)	(616)
Balance at 30 June 2022	83	690	55	828
Accumulated Depreciation				
Balance at 1 July 2020	(102)	(506)	(134)	(742)
Depreciation expense	(35)	(69)	(333)	(437)
Disposals	78	-	339	417
Balance at 30 June 2021	(59)	(575)	(128)	(762)
Depreciation expense	(33)	(69)	(298)	(400)
Disposals	49	-	383	432
Balance at 30 June 2022	(43)	(644)	(43)	(730)
Net Book Value				
At 30 June 2021	32	115	155	302
At 30 June 2022	40	46	12	98

14. Intangible Assets

Group

Gross carrying amount at cost	Contract rights £,000	Software £,000	Intellectual Property £,000	Total £,000
Balance at 1 July 2020	441	4,369	359	5,169
Effect of movement in exchange rate	-	-	(11)	(11)
Additions	8	115	-	123
Disposals	(41)	(2,755)	-	(2,796)
Balance at 30 June 2021	408	1,729	348	2,485
Disposals	(15)	(1,152)	-	(1,167)
Balance at 30 June 2022	393	577	348	1,318

Accumulated amortisation and impairment	Contract rights £,000	Software £,000	Intellectual Property £,000	Total £,000
Balance at 1 July 2020	(75)	(3,303)	(358)	(3,736)
Effect of movement in exchange rate	-	-	9	9
Amortisation expense	(139)	(826)	1	(964)
Disposals	41	2,755	-	2,796
Balance at 30 June 2021	(173)	(1,374)	(348)	(1,895)
Amortisation expense	(142)	(260)	-	(402)
Disposals	15	1,152	-	1,167
Balance at 30 June 2022	(300)	(482)	(348)	(1,130)
Net book value				
At 30 June 2021	235	355	-	590
At 30 June 2022	93	95	-	188

15. Interest in Subsidiaries

Group

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Interest in Subsidiaries	Country of Incorporation	Registered office	% of Equity 30 June 2022	% of Equity 30 June 2021
RentSmart Ltd	UK	7th Floor Oakland House, Talbot Road, Manchester, M16 0PQ	100	100
ThinkSmart Insurance Services Administration Ltd	UK	As above	100	100
ThinkSmart Financial Services Ltd	UK	As above	100	100
ThinkSmart UK Ltd	UK	As above	100	100
ThinkSmart Finance Group Ltd	UK	As above	100	100

Company

	30 June 2022 £,000	30 June 2021 £,000
Shares in group undertakings at cost	673	4,418

All companies principal activity is Equipment Rental with the exception of ThinkSmart Insurance Services Administration Limited which arranges insurance for Rental Equipment. The below table shows the movement in investment for each subsidiary during the financial year.

Subsidiary undertakings	Investment 30 June 2021	Return of capital	Impairment	Investment 30 June 2022
RentSmart Limited	3,994	(3,250)	(96)	648
ThinkSmart UK Limited	-	-	-	-
ThinkSmart Financial Services Limited	400	(399)	-	1
ThinkSmart Insurance Services Administration Limited	24	-	-	24
Total	**4,418**	**(3,649)**	**(96)**	**673**

16. Trade and Other Payables, and Provisions

Group

	30 June 2022 £,000	30 June 2021 £,000
Trade and other payables	95	80
VAT Payable	141	132
Other accrued expenses	327	469
	563	681
Provisions		
Risk Transfer cancellation and claims	3	5
	3	5
Balance at 1 July	5	10
Amounts used during the year	(2)	(5)
Balance at 30 June	3	5

17. Lease liabilities

Group

	30 June 2022 £,000	30 June 2021 £,000
Balance brought forward	148	242
Rental paid in period	(112)	(113)
Interest charged	10	19
	46	148

	30 June 2022 £,000	30 June 2021 £,000
Lease liabilities due within 12 months	46	103
Lease liabilities due greater than 12 months	-	45
	46	148
Undiscounted maturity analysis		
Lease liabilities due up to 1 year	47	113
Lease liabilities due between 1 and 2 years	-	47
Lease liabilities due between 3 and 5 years	-	-
Lease liabilities due over 5 years	-	-
	47	160

18. Contract liabilities

Group

	30 June 2022 £,000	30 June 2021 £,000
Balance brought forward	742	1,327
Recognised as revenue in period	(703)	(585)
	39	742
Contract liabilities to be recognised as revenue within 12 months	39	410
Contract liabilities to be recognised as revenue greater than 12 months	-	332
	39	742

19. Other interest bearing liabilities

Group and Company

	30 June 2022 £,000	30 June 2021 £,000
Loan from ThinkSmart Limited	(1,029)	(5,180)
	(1,029)	(5,180)

The directors of the ultimate parent company, ThinkSmart Ltd, have indicated that intragroup loans will not be recalled until such time that the borrower is in a position to repay the loan. The loan from ThinkSmart Ltd is unsecured and unlimited in duration subject to being recalled by ThinkSmart Ltd. Interest is payable on the loan at a rate subject to market and transfer pricing conditions.

20. Issued Capital and Reserves

Group and Company

(a) Issued and paid up capital

	30 June 2022 £,000	30 June 2021 £,000
1,250,001 (2021: 1,250,001) Ordinary authorised shares £1 each (2021: £1)	1,250	1,250

100% of the Ordinary Shares are held by ThinkSmart Limited, the Group's ultimate parent company.

(b) Dividends
In the year ending 30 June 2022 the Group paid a dividend of £63.5 million (2021: £nil).

(c) Nature and purpose of reserves
The Group's reserves are as stated in the consolidated statement of changes in equity and represent the following:

Accumulated profit
Cumulative profit and loss net of distributions to owners.

21. Remuneration of Auditor

The Group's auditors are BDO LLP.

	12 Months to June 2022 £	12 Months to June 2021 £
Audit and review of financial statements	85,750	100,250

22. Commitments and Contingent Liabilities

Group

	June 2022 £,000	June 2021 £,000
Leases where Group acts as agent (not included in the statement of financial position)	-	2,583
Deposits held by funder	-	2,021

Under the terms of the UK operating agreement with STB where STB was the lessor, the Group was obliged to purchase delinquent leases (contracts in arrears for 91 days) from the funder at the funded amount. The Group entered into a financial guarantee contract with STB for which the Group provided a deposit to support future delinquent leases. Both the UK operating agreement and the financial guarantee contract were terminated on 31 January 2022 at which time the Group ceased to have any contingent liabilities.

The deposit held by funders was recognised in the prior year as an asset on the Group's statement of financial position within other non-current assets (see note 12).

23. Financial Instruments

Group

(a) Interest rate risk
At the reporting date, the interest rate profile of the Group's interest bearing financial instruments were:

	Carrying amount	
	June 2022	**June 2021**
	£,000	**£,000**
Variable rate instruments		
Cash and cash equivalents	2,704	3,789
Deposits held by funder (note 22)	-	2,021
Net financial assets	2,704	5,810

Sensitivity analysis
A change in 1% in interest rates would have increased or decreased the Group's profit for continuing operations by the amounts shown below. This analysis assumes that all other factors remain constant.

	June 2022	**June 2021**
	£,000	**£,000**
Effect of 1% increase in rates	27	58
Effect of 1% decrease in rates	(27)	(58)

(b) Fair value of financial instruments
The carrying amounts of financial assets and financial liabilities recorded in the financial statements are not materially different to their fair values.

Fair value hierarchy
The financial instruments carried at fair value have been classified by valuation method.
The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Key assumptions in the valuation of the instruments were limited to interpolating interest rates for certain future periods where there was no observable market data. The majority of financial assets and liabilities are measured at amortised cost. At 30 June 2022 the Group had disposed of the following financial instruments held in the prior year and measured at fair value through profit or loss:

- 10% holding in Clearpay Finance Limited with a fair value of £nil (2021: £125.0 million). The holding in Clearpay was a Level 3 financial instrument.

(c) Credit risk management

The maximum credit risk exposure of the Group is the sum of the carrying amount of the Group's financial assets. The carrying amount of the Group's financial assets that is exposed to credit risk at the reporting date is:

	Note	June 2022 £,000	June 2021 £,000
Cash and cash equivalents	23(a)	2,704	3,789
Trade receivables		17	56
Lease receivable (current)	8	866	38
Lease receivable (non-current)	8	46	-
Insurance prepayment and accrued income (current)	9	55	158
Insurance prepayment and accrued income (non-current)	12	3	48
Deposits held by funders	12	-	2,021
		3,691	6,110

The carrying amount of the Group's financial assets that are exposed to credit risk at the reporting date by types of counterparty is:

	June 2022 £,000	June 2021 £,000
Banks (i)	2,704	3,789
Funders (ii)	-	2,021
Insurance partners (iii)	58	206
Retail customers (iv)	912	38
Others	17	56
	3,691	6,110

(i) Cash and cash equivalents are held with banks with S&P ratings of A and AA-.

(ii) Deposits held with banks with S&P ratings of A and AA-.

(iii) In the current financial reporting period, 100% (prior year: 100%) of the prepayment relates to RentSmart Limited's (UK) upfront insurance premium payments to Allianz on behalf of the rental customer. The premiums are recovered from the customer on a monthly basis. In the event the customer defaults, the policy is cancelled and Allianz refunds the unexpired premium. Allianz holds an AA rating with S&P Insurer Financial Strength and Counterparty Credit Rating.

(iv) Retail customers are assessed for creditworthiness against a bespoke credit scorecard based on information drawn from a selection of industry sources.

The ageing of the Group's trade and lease receivables at the reporting date was:

	Gross June 2022 £,000	Impairment June 2022 £,000	Gross June 2021 £,000	Impairment June 2021 £,000
Not past due	988	76	66	-
Past due 0-30 days	38	24	19	-
Past due 31-120 days	21	18	10	8
Past due 121-365 days	16	16	17	11
	1,063	134	112	19

Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Group applies the simplified approach to providing for expected credit losses (ECLs) under IFRS 9, which permits the use of the lifetime expected loss provision for trade and lease receivables. The Group makes specific provisions for lifetime expected credit losses against these receivables where additional information is known regarding the recoverability of those balances. For the remaining trade and lease receivables balances, the Group has established an ECL model using provision matrices for recognising ECLs on its trade receivables, based on its historical credit loss experience over a two year period, adjusted (where appropriate) for forward-looking factors.

The movement in the allowance for impairment in respect of trade and lease receivables during the year was as follows:

	June 2022 £,000	June 2021 £,000
Balance at 1 July	19	79
Impairment loss recognised	135	(44)
Bad debt written off	(20)	(16)
Balance at 30 June	134	19

Trade and lease receivables are reviewed and considered for impairment on a periodic basis, based on the number of days outstanding and number of payments in arrears, adjusted (where appropriate) for forwards looking factors.

(d) Liquidity risk management
The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	June 2022 £,000	June 2021 £,000
Trade and other payables	563	679
Lease liabilities	46	148
	609	827
Less than 1 year	609	782
1-2 years	-	45
	609	827

24. Related Party Disclosures

The following were Key Management Personnel of the Group at any time during the reporting period and unless otherwise indicated were Key Management Personnel for the entire period:

Executive Chairman
N Montarello

Executive Directors
G Halton (Chief Financial Officer)

Non-Executive Directors
Keith Jones

The Key Management Personnel remuneration included in 'employee benefits expense' in Note 6(e) is as follows:

	12 months to June 2022 £,000	**12 months to June 2021 £,000**
Short-term employee benefits	175	175
Social security costs	23	23
	198	198

25. Parent and ultimate parent undertaking

The smallest group of undertakings for which consolidated financial statements have been drawn up is that headed by ThinkSmart Europe Limited.

The largest group of undertakings for which group accounts have been drawn up is that headed by the ultimate parent company and controlling party as at 30 June 2022, ThinkSmart Limited. Consolidated accounts are available from Suite 5, 531 Hay Street, Subiaco, WA 6008, Australia.

26. Subsequent Events

On 29 July 2022 the Company's 100% parent, ThinkSmart Limited, announced that it has entered into a binding Scheme Implementation Deed with Tuscan Equity Pty Ltd ("Tuscan Equity") under which Tuscan Equity would acquire the entire issued share capital of ThinkSmart Limited pursuant to a scheme of arrangement under the Australian Corporations Act 2001 (Cth) ("the Scheme"). The implementation of the Scheme is subject to shareholder, regulatory and Court approval.

27. Effects of change of classification of Foreign Currency Translation Reserve

The Group has identified a prior period error in the disclosure of Foreign Currency Translation Reserves (FCTR) relating to the historical accumulation of FCTR on foreign subsidiaries. FCTR relating to foreign subsidiaries liquidated prior to the balance sheet date should have been transferred to Accumulated Profits at the point that the investments in those subsidiaries were de-recognised. Having identified that these reserves had not been transferred to Accumulated Profits in prior periods the relevant comparative figures have been restated in these financial statements. The prior year adjustment does not have impact on the Group's total consolidated income, taxation and cash flows other than the allocation of FCTR to profit and loss. There is no change to the total equity of the Group as a result of the restatement of the prior period financial statements.

The following tables show the adjustments recognised for each line item of the financial statements affected.

	As originally presented 12 Months to June 2021 £,000	Effect of Restatement £,000	Restated 12 Months to June 2021 £,000
Effects of restatement on Consolidated Statement of Profit & Loss and Other Comprehensive Income for the financial year ended 30 June 2021			
Other operating expenses	(3,217)	(2)	(3,219)
(Loss)/Profit before tax	71,896	(2)	71,894
Net (Loss)/Profit after tax – attributable to owners of the Company	71,896	(2)	71,894
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss, net of income tax:			
Foreign currency translation differences for foreign operations	(2)	2	-
Total items that may be reclassified subsequently to profit or loss net of income tax	(2)	2	-
Other comprehensive income for the year, net of income tax	**(2)**	**2**	-
Total comprehensive (loss)/income for the year attributable to owners of the Company	**71,894**	-	**71,894**

	As originally presented June 2021 £,000	Effects of restatement £,000	Restated June 2021 £,000
Effects of restatement on Consolidated Statement of Financial Position as at 30 June 2021			
Reserves	2,598	(2,598)	-
Accumulated profits	122,316	2,598	124,914
Total equity	**126,164**	-	**126,164**

	As originally presented June 2020 £,000	Effects of restatement £,000	Restated June 2020 £,000
Effects of restatement on Consolidated Statement of Financial Position as at 30 June 2020			
Reserves	2,600	(2,600)	-
Accumulated profits	50,420	2,600	53,020
Total equity	**54,270**	-	**54,270**