ClearPay Finance Limited

Annual Report and Financial Statements

For the Year Ended 30 June 2019

Company Number: 05198026

CLEARPAY FINANCE LIMITED
YEAR ENDED 30 JUNE 2019

COMPANY INFORMATION

Directors	A Eisen (appointed 23 August 2018) B Odes (appointed 15 November 2019) C Scheible (appointed 29 June 2019) D Hancock (appointed 23 August 2018, resigned 8 October 2019) G Halton (appointed 18 July 2017, resigned 23 August 2018) N Molnar (appointed 23 August 2018) N Montarello (appointed 11 June 2018)
Registered number	05198026
Registered office	125 Kingsway, London, England, WC2B 6NH
Independent auditors	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW

CLEARPAY FINANCE LIMITED
YEAR ENDED 30 JUNE 2019

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CLEARPAY FINANCE LIMITED
YEAR ENDED 30 JUNE 2019

REPORT OF THE DIRECTORS

ClearPay Finance Limited ("the Company") is a company incorporated in the United Kingdom. The Company is a private company limited by shares and registered in England and Wales.

The Directors hereby submit their Report and the accounts for the year ended 30 June 2019.

Principal activities

The principal activities of the Company is to provide a modern-day payment service that enables consumers to buy products on a 'buy now, receive now, pay later' basis. The service is offered as a payment option by participating merchants online. Consumers who choose to purchase products using Clearpay receive the purchased products upfront and repay the purchase price (or order value) in four equal instalment payments (every two weeks) to Clearpay. The company settles with the retailer on the next business day net of the 'retailer subsidy'.

Business review

The Company continues to make good progress with the onboarding of a range of retailers from multiple sectors including fashion, jewellery, outdoor equipment and consumer technology.

The loss for the year ended 30 June 2019 of £2,417,195 has been transferred to reserves and there was no dividend declared during the year ended 30 June 2019.

In August 2018, Thinksmart Europe Limited sold 90% of the Company to Afterpay Limited (formally Afterpay Touch Group Limited).

Going concern

Notwithstanding net liabilities of £2,376,064 as at 30 June 2019 and a loss for the year then ended of £2,417,195 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 Company's prospects for a period exceeding twelve months from the date the financial statements were approved.

The Company and its directors have considered the impact of COVID-19 taking into account all available information about the future. The Company continues to have reasonable assurance that it will continue to receive adequate support from its parent company Afterpay Limited (formally Afterpay Touch Group Limited) during any challenges presented by the pandemic.

Afterpay Limited (formally Afterpay Touch Group Limited) has indicated its intention to continue to make available such funds as are needed by the Company for a period exceeding twelve months and in doing so has considered the additional risks to its financial position from COVID-19.

Afterpay Limited (formally Afterpay Touch Group Limited) has implemented a comprehensive COVID-19 response plan which addresses several priorities including protecting our people, limiting any deterioration in our loss performance, preserving margins and protecting our strong balance sheet during the COVID-19 global pandemic. The Group has measures in place to mitigate revenue losses and manage costs. Pre-emptive risk setting modifications were implemented in March to address the emerging pandemic. These involved adjustments to our risk tolerances in a number of targeted areas focused on ensuring the sustainability of responsible customer spending during any downturn and minimising losses. Measures for cost management have been implemented however we maintain flexibility to grow as business development opportunities arise including retaining marketing at an appropriate level. The Group is monitoring economic conditions and will make further adjustments as required.

The directors have reasonable assurance that the Company will have sufficient funds, through funding from its parent company, Afterpay Limited (formally Afterpay Touch Group Limited), to meet its liabilities as they fall due for that period. Consequently, the directors confirm that they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the accounts.

Directors

The directors who held office during the year and up to the date of this report, were as follows:

A Eisen (appointed 23 August 2018)
D Hancock (appointed 23 August 2018, resigned 8 October 2019)
N Molnar (appointed 23 August 2018)
N Montarello (appointed 11 June 2018)
B Odes (appointed 15 November 2019)
G Halton (resigned 23 August 2018)
C Scheible (appointed 29 June 2019)

Political and charitable contributions

The Company made no political or charitable donations during the year ended 30 June 2019 (2018: £nil).

Disclosure of information to the auditor

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

The Directors have also taken advantage of the small companies' exemption from the requirement to prepare a strategic report.

By order of the board

Carl Scheible
Director
125 Kingsway,
London,
England,
WC2B 6NH

Date: 11th June 2020

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing 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 financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

Independent auditor's report to the members of Clearpay Finance Limited
For the year ended 30 June 2019

Opinion

We have audited the financial statements of ClearPay Finance Limited for the year ended 30 June 2019 which comprise the statement of profit and loss and other comprehensive income, statement of financial position, statement of changes in equity, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion, the financial statements:
•Give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the year then ended;
•Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
•Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). 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 are independent of the 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

•The directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
•The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

Independent auditor's report to the members of Clearpay Finance Limited
For the year ended 30 June 2019

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records or 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 directors' responsibilities statement, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of 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.

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

Use of this report

This report is made solely to the 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 company's members those matters that 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 company and the company's members as a body, for our audit work, or the opinions we have formed.

James Astley
Senior Statutory Auditor
for and on behalf of UHY Hacker Young LLP
Chartered Accountants and Statutory Auditors
11th June 2020

CLEARPAY FINANCE LIMITED
YEAR ENDED 30 JUNE 2019

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	30 June 2019	30 June 2018
		£	£
Turnover	3	**89,949**	**11,298**
Cost of Sales		**(68,070)**	**-**
Gross profit		**21,879**	**11,298**
Administrative expenses	4	(2,426,035)	(602,933)
Operating profit		(2,404,156)	(591,635)
Interest payable		(1,094)	(1,575)
Loss before tax		(2,405,250)	(593,210)
Income tax expense	6	(11,945)	-
Loss for the financial year		**(2,417,195)**	**(593,210)**
Other comprehensive income net of income tax		-	-
Total comprehensive loss for the financial year		(2,417,195)	(593,210)

The loss for the year is derived from continuing operations.

The notes on pages 10 to 17 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	30 June 2019	30 June 2018
		£	£
Non-current assets			
Intangible assets	7	70,454	1,357,203
Tangible assets	8	84,213	-
		154,667	1,357,203
Current assets			
Cash at bank & in hand		2,167,749	86,677
Trade and other receivables	9	2,378,104	84,386
		4,545,853	**171,063**
Total assets		**4,700,520**	**1,528,266**
Creditors: amounts falling due within one year			
Creditors	10	**7,064,639**	**103,077**
Creditors: amounts falling due after more than one year			
Other creditors	11	-	1,980,346
Other provisions	12	-	38,052
Deferred tax liability	6	11,945	-
Total non-current liabilities		**11,945**	**2,018,398**
Capital and reserves			
Share capital	14	600,000	1
Other reserves	15	34,341	-
Profit and loss account		(3,010,405)	(593,210)
Total equity		**(2,376,064)**	**(593,209)**
Total equity and liabilities		**4,700,520**	**1,528,266**

The notes on pages 10 to 17 form an integral part of these financial statements.

The financial statements on pages 7 to 17 were approved by the board of directors on 11th June 2020 and were signed on its behalf by:

Carl Scheible (Director)

Company Number 05198026

CLEARPAY FINANCE LIMITED
YEAR ENDED 30 JUNE 2019

STATEMENT OF CHANGES IN EQUITY

	Fully paid ordinary shares	Other Reserves	Accumulated profit/(losses)	Equity
	£	£	£	£
Balance at 1 July 2018	1	-	(593,210)	(593,209)
Total comprehensive loss for the year	-	-	(2,417,195)	(2,417,195)
Share based payments	-	34,341	-	34,341
Issue of Share Capital	599,999		-	599,999
Balance at 30 June 2019	**600,000**	**34,341**	**(3,010,405)**	**(2,376,064)**

The notes on pages 10 to 17 form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Accounting policies

ClearPay Finance Limited (the "Company") is a private company limited by shares incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*. The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy, the correction of error, or the reclassification of items in the financial statements;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of Afterpay Limited (formally Afterpay Touch Group Limited) include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

1.1 Basis of preparation and measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell. Clearpay Finance Limited is not required to prepare consolidated financial statements as its subsidiary, Clearpay Finance HCB Limited is a dormant company.

Notwithstanding net liabilities of £2,376,064 as at 30 June 2019 and a loss for the year then ended of £2,417,195 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 Company's prospects for a period exceeding twelve months from the date the financial statements were approved. The Company will continue to need significant additional funding from Afterpay Limited (formally Afterpay Touch Group Limited), its ultimate shareholder (see note 17), before it is expected to become cash generative.

Afterpay Limited (formally Afterpay Touch Group Limited) has indicated its intention to continue to make available such funds as are needed by the Company for a period exceeding twelve months.

The directors have reasonable assurance that the Company will have sufficient funds, through funding from its parent company, Afterpay Limited (formally Afterpay Touch Group Limited), to meet its liabilities as they fall due for that period. Consequently, the directors confirm that they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the accounts.

As set out in the directors report, the directors have considered the Company's prospects for a period exceeding twelve months from the date the financial statements were approved.

The Company has considered the impact of COVID-19, the directors have taken into account all available information about the future and has reasonable assurance that the Company will have sufficient support from its parent company Afterpay Limited (formally Afterpay Touch Group Limited) during unprecedented challenges raised by the crisis.

Afterpay Limited (formally Afterpay Touch Group Limited) has implemented a comprehensive COVID-19 response plan which addresses several priorities including protecting our people, limiting any deterioration in our loss performance, preserving margins and protecting our strong balance sheet during the COVID-19 global pandemic. The Group has measures in place to mitigate revenue losses and manage costs. Pre-emptive risk setting modifications were implemented in March to address the emerging pandemic. These involved adjustments to our risk tolerances in a number of targeted areas focused on ensuring the sustainability of responsible customer spending during any downturn and minimising losses. Measures for cost management have been implemented however we maintain flexibility to grow as business development opportunities arise including retaining marketing at an appropriate level. The Group is monitoring economic conditions and will make further adjustments as required.

Accordingly, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.2 Revenue recognition

Revenue is derived from the difference between the customer's underlying order value the amount paid to the merchant, referred to as Merchant fees. Clearpay pays merchants upfront the net amount of the previous day orders less the Merchant fees, which consists of fixed and variable rates, and Clearpay then assumes all non-repayment risk from the customer. There are no interest or fees charged by Clearpay other than late fees described below.

Clearpay income (previously disclosed as retailer subsidy income) - Merchant fees are recognised in the Income Statement using the Effective Interest Rate (EIR) method, accreting the Merchant fees over the average period from initial payment to the merchant to the final instalment paid by the customer. The company defers income over the average time it takes for the collection of the receivable to occur with the current average weighted duration to recoup end-customer payments being approximately 30 days or less.

Other income (previously disclosed as fee revenue – customer) – late fee charges are currently used by ClearPay as an incentive to encourage end-customers to pay their outstanding balances as and they fall due. Late fees are recognized as other income when late fees become payable and expected to be recovered.

1.3 Tangible fixed assets

Recognition and measurement

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Useful life of assets

Depreciation is calculated on the straight line basis over the estimated useful life of the specific asset 3-5 years.

1.4 Intangible assets

Intangible assets consist of capitalised development costs – this class of assets is carried under the cost model.
Research and development activities
All research costs are expensed. Costs related to the development of products are capitalised when they meet the following conditions

- (i) It is technically feasible to complete the development so that the product will be available for use or sale
- (ii) It is intended to use or sell the product being developed
- (iii) The company is able to use or sell the product being developed
- (iv) It can be demonstrated that the product will generate probable future economic benefits
- (v) Adequate technical, financial and other resources exist so that product development can be completed and subsequently used or sold
- (vi) Expenditure attributable to the development can be reliably measured

All other development expenditure is recognised as an expense in the period in which it is occurred. Capitalised development costs are stated at cost less accumulated amortisation and accumulated impairment losses (cost model).

For each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets, disclose the line item(s) of the statement of comprehensive income in which any amortisation of intangible assets is included.

1.5 Impairment

At each reporting date, the company reviews the carrying amounts of its fixed assets (property, plant and equipment, right-of-use assets, and intangible assets other than goodwill) to determine whether there is any indication that they are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised as an expense within profit or loss immediately.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been previously recognised for that asset. A reversal of an impairment loss is recognised as a gain within profit or loss immediately.

1.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments and original maturities of three months or less.

1.7 Trade and other receivables

Trade and other receivables where payment is due within one year do not constitute a financing transaction and are recorded at the undiscounted amount expected to be received, less attributable transaction costs. Any subsequent impairment is recognised as an expense in profit or loss.

If payment is due after more than one year or if there is any other indication of a financing transaction, trade and other receivables are recorded initially at fair value less attributable transaction costs. In this situation, fair value is equal to the amount expected to be received, discounted at a market-related interest rate.

All trade and other receivables are subsequently measured at amortised cost, net of impairment.

1.8 Trade and other payables

Trade and other payables are initially recognised at fair value less attributable transaction costs. They are subsequently measured at amortised cost.

1.9 Related parties

For the purposes of these financial statements, a related party could be a person or an entity. Careful consideration is given to the definition of a related party to ensure that all related party relationships, transactions and balances are identified.

1.10 Taxation

The charge for taxation is based on the loss for the year.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying of the Company's accounting policies, which are described in note 1, the directors are required to make:

- judgements (other than those involving estimations) that have a significant impact on the amounts recognised; and
- estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

The critical judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are recognised below.

Intangible assets (note 7) – the asset impairment requires management judgement with respect to an estimate of the recoverable amount of the cash generating unit using a discounted cash flow methodology. This calculation uses cash flow projections on operating budgets and strategic business plans, after which a terminal value is applied, based on management's view of the expected long-term growth profile of the business.

Receivables (note 9) – judgement is applied in measuring expected credit loss and where the risk of default has increased significant since initial recognition of the consumer receivable. The company considers both quantitative and qualitative information including historical loss experience, internal expert risk assess and data examination and forward-looking information and analysis. The assumptions and methodologies applied are reviewed regularly.

3. Turnover

Turnover, all of which arose from activities within the United Kingdom, represents income from agreements and from associated services.

	30 June 2019	30 June 2018
	£	£
ClearPay's income	**85,953**	10,679
Other income	**3,996**	610
Interest revenue - other entities	**-**	9
	89,949	11,298

4. Loss for the year

	30 June 2019	30 June 2018
	£	£
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**12,300**	10,878
Depreciation of property, plant and equipment (note 8)	**12,535**	-
Amortisation of intangible assets (note 7)	**4,358**	60,975
Impairment loss (note 7)	**1,357,203**	-
Staff costs (note 5)	**1,120,995**	219,066

5. Wages and Salaries

The average number of persons employed by the company (including directors) during the year was 12 (2018:nil). As at June 2018, all employees were employed under Rentsmart Limited and costs for those employees working on the Company were recharged.

The total remuneration was:

	30 June 2019	30 June 2018
	£	£
Wages and salaries	**945,172**	182,631
Social security costs	**83,159**	27,372
Pension costs	**58,323**	9,063
Share based payment expense	**34,341**	-
	1,120,995	219,066

Employees of the Company may receive remuneration in the form of share based payments whereby employee render services as consideration for equity instruments (equity-settled transactions). The company is in the process of establishing a Share Option Plan. As of the reporting date, that plan is not finalised, and no options have been granted under the proposed UK ESOP. There are a number of options that are proposed to be issued to UK employees in the period immediately following the UK ESOP being finalised. An expense has been recognised as employees have been informed in the employment contract that they will be eligible for the share option plan and they have provided a service since the date of signing the contract. The expense is a reasonable estimation of what the expense should be as the options have not yet been granted.

6. Tax on loss on ordinary activities

	30 June 2019	30 June 2018
	£	£
Major Components of Income Tax Expense		
Current Income Tax Charge	-	-
Deferred Income Tax Charge	**(11,945)**	-
Income Tax Expense	**(11,945)**	-
Numerical reconciliation of income tax expense		
Accounting loss before tax	**(2,405,250)**	(593,210)
Tax using the UK corporation rate 19% (2018 – 19%)	**456,998**	112,710
Permanent differences	**330,774**	-
Differences in tax rate	**1,685**	-
Losses carried forward not recognised	**(801,401)**	(8,763)
Group tax relief at nil consideration	-	(103,947)
Income Tax Expense	**(11,945)**	-

Temporary differences and losses on which deferred tax not recognised at 30 June 2019 amounted to £801,401.

Deferred tax liability recognised relates to accelerated capital allowances on tangible fixed assets.

7. Intangible assets

Cost	IT Development	Total
Balance at 30 June 2018	1,418,178	1,418,178
Additions	74,812	74,812
Impairment	(1,418,178)	(1,418,178)
Balance at 30 June 2019	**74,812**	**74,812**
Accumulated Depreciation		
Balance at 30 June 2018	(60,975)	(60,975)
Depreciation expense	(4,358)	(4,358)
Impairment	60,975	60,975
Balance at 30 June 2019	**(4,358)**	**(4,358)**
Net Book Value		
At 30 June 2019	**70,454**	**70,454**
At 30 June 2018	1,357,203	1,357,203

8. Tangible assets

Cost	Office equipment	Computer equipment & software	Total
Balance at 30 June 2018	-	-	-
Additions	6,972	89,776	96,748
Disposals	-	-	-
Balance at 30 June 2019	**6,972**	**89,776**	**96,748**
Accumulated Depreciation			
Balance at 30 June 2018	-	-	-
Depreciation expense	(895)	(11,640)	(12,535)
Balance at 30 June 2019	**(895)**	**(11,640)**	**(12,535)**
Net Book Value			
At 30 June 2019	**6,077**	**78,136**	**84,213**
At 30 June 2018	-	-	-

9. Trade and other receivables

	30 June 2019 £	30 June 2018 £
Trade debtors	**1,920,187**	84,386
Prepayments	**68,269**	-
Other receivables	**389,648**	-
	2,378,104	**84,386**

10. Creditors

	30 June 2019	30 June 2018
	£	£
Trade creditors	**175,936**	93,094
Sundry Creditors	**1,935,773**	9,983
Accrued expenses	**30,980**	-
Amounts owed to group undertaking	**4,921,950**	-
	7,064,639	103,077

The amounts owed to group undertaking is a loan. The terms per the loan agreement are as follows:
Loan facility amount: GBP 25,000,000
Interest Rate: 3.75%
Loan agreement end date: 30 June 2020

11. *Other creditors*

	30 June 2019	30 June 2018
	£	£
RentSmart Limited Loan	**-**	1,980,346
	-	1,980,346

12. Other provisions

	30 June 2019	30 June 2018
	£	£
Accrued expenses	**-**	38,052
	-	38,052

13. Capital commitments

At 30 June 2019, Clearpay Finance Limited had future minimum lease payments under non-cancellable operating leases as follows:

	30 June 2019	30 June 2018
	£	£
Not later than 1 year	**80,730**	-
Later than 1 year and not later than 5 years	**-**	-
Later than 5 years	**-**	-
	80,730	-

14. Share capital

	No. of share	£
At 1 July 2018 (ordinary shares par value £1)	**1**	1
Subdivision of shares (ordinary shares par value £0.01)	**100**	1
Ordinary shares of par value of £0:01 each issued and fully paid in the year:	**59,999,900**	599,999
At 30 June 2019	**60,000,000**	600,000
Reclassified into A and B ordinary shares		
A Ordinary Shares	**54,000,000**	540,000
B Ordinary Shares	**6,000,000**	60,000
	60,000,000	600,000

In August 2018, the entire share capital of company held at 1 July 2018 was subdivided from 1 ordinary share of £1 to 100 ordinary shares of £0.01 and were re-classified into A and B ordinary shares with the additional shares issued during the year. All ordinary shares rank pari passu.
ClearPay Finance Limited is 10% held by Thinksmart Europe Limited and 90% held by Afterpay Limited (formally Afterpay Touch Group Limited).

15. Other reserves

	30 June 2019	30 June 2018
	£	£
Share based payment – see note 5	**34,341**	-
	34,341	-

16. Related parties

ClearPay Finance Limited holds 100% of ClearPay Finance HCB Limited, the value of the investment recognised is nil, as the ClearPay Finance HCB Limited is a dormant company.

17. Ultimate parent undertaking

90% of the share capital of ClearPay Finance Limited is held by Afterpay Limited (formally Afterpay Touch Group Limited). Afterpay Limited (formally Afterpay Touch Group Limited) is incorporated in Australia, with registered office at Level 6, 406 Collins Street, Melbourne VIC 3000, Australia.

Remaining 10% of share capital of Clearpay Finance Limited is held by Thinksmart Europe Limited whose ultimate parent company is Thinksmart Limited. Thinksmart Limited is incorporated in Australia.

18. Events after the reporting date

The global economy has been significantly affected by the COVID-19 pandemic and the related market volatility however this has not lead to any adjusting post balance sheet events in these financial statements. The potential near-term impact of these developments on the Company is discussed in the Directors' Report and note 1.1.

In December 2019 the intercompany loan facility (see note 10) increased to GBP 50,000,000. As mentioned in note 1.1, Afterpay Limited (formally Afterpay Touch Group Limited) continues to support the Company financially and there has been no change in this in view of the COVID-19 pandemic.