COMPANY REGISTRATION NUMBER: 09221862

Clear Score Technology Limited

Annual Report and Financial Statements

For the year ended 31 December 2019

Clear Score Technology Limited

Annual Report and Financial Statements

Year ended 31 December 2019

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Clear Score Technology Limited

Strategic Report

Year ended 31 December 2019

The directors present their Strategic Report for the year ended 31 December 2019.

Principal activities

The principal activity of Clear Score Technology Limited ("the Company") is the provision of a website where consumers are provided with free access to their credit report and score, and then introduced to relevant financial products based on their eligibility. The Company does not lend money or provide financial products itself.

Business review

In the year to 31 December 2019 the Company recorded revenue of £55.7 million (2018: £42.4m), an increase of 31%. The operating profit of £0.76m is a slight reduction on the £1.34m operating profit recorded in 2018.

The increase in revenue is representative of the impact that improvements to the ClearScore website & apps have had on user engagement and monetisation. The decrease is operating profit despite an increase in revenue is due to increasing headcount (average headcount up to 178 from 135 in 2019) and additional investment in marketing expenditure (targeting increased user acquisition).

As at 31 December 2019 the Company had net liabilities of £8.0m (2018: net liabilities of £9.3m), driven by a reduction in the intercompany loan balance and increased working capital.

Future developments of the Company

Following the development of ClearScore Protect during 2019, the company launched its first subscription product (ClearScore Protect Realtime) in April 2020. User response and engagement has been positive, with over 800,000 users activating Protect and over 8,000 paying subscribers of Protect Realtime by the end of June 2020 (less than three months post launch).

In response to the COVID-19 pandemic in early 2020, the company has taken immediate action through cost reductions, supplier renegotiations, and a staff reorganisation to maintain an appropriate level of liquidity through the crisis. The company has made use of the Coronavirus Job Retention Scheme by furloughing staff to reduce cost,

The company has been in discussions with its lender, primarily with regards to support around existing loan covenants, and will require continued support. Further details on the company's going concern assessment are included within the Directors' Report.

Principal risks and uncertainties

The Company recognises and believes that actively managing current and future risk exposure is an integral part of a sound management practice and is vital to the success of its business. It is the policy of the board of directors and a responsibility of executive management to adopt a proactive approach to the management of all risks that impact on the Company's strategies, operations, regulatory compliance and the achievement of its business objectives. The key operational risks faced by the Company are:

Information security & technology – the risk that data security or technological failure compromises the business's ability to run a stable technological platform and a fully operational website.

Increasing competition – the risk that additional competitors in the market has a negative impact on user engagement, and ultimately financial performance.

Global macroeconomic uncertainty – the risk that factors affecting the macro economy have an impact on the financial services market, reducing both user monetisation and the company's ability to source long term loan funding.

Compliance risk – the risk that the company is non-compliant with applicable FCA regulations or other requirements (GDPR). The company takes a zero-tolerance approach to compliance risk

The company's risk management programme is outlined in its Risk Management Policy which sets out its high level approach to risk and risk appetite. A detailed risk register is kept of all risks identified, which sets out clear risk owners, mitigation plans, likelihood and impact of each risk and a scoring matrix. A risk committee comprised of members of the senior management team reviews the risk register on a bi-monthly basis, and there are clear reporting lines for staff to raise awareness of risks to each respective risk owner.

Section 172(1) statement

The board of directors consider than they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, in the decisions taken during the year ended 31 December 2019.

The business considers the long term strategic impact of decisions that are made within day-to-day operations, prioritising a sustainable business model ahead of short term goals.

The company's mission of making personal finance clearer, calmer and easier to understand, along with helping people to take decisions that create great financial well-being highlights how the business considers its impact amongst the wider community.

It is recognised that the company's employees are fundamental to the delivery of the plan, and the interests and wellbeing of employees is fundamental consideration in business decisions.

Key performance indicators

The Company measures and monitors a number of KPIs, the most important of which are revenue and operating profit, as detailed above. Another key area of performance monitored by management is the review of service performance by the Company in improving user experience.

Other core key performance indicators tracked by the company include:

	2019	2018
Cumulative signed up users at end of year	8.91m	7.16m
Average Monthly Active Users[1] (absolute)	2.50m	2.17m
Average Monthly Active Users (%age of userbase)	31%	34%
Average monthly Front Book Revenue[2] per user	£3.29	£3.25
Average monthly Back Book Revenue[3] per user	£0.53	£0.49

Note
1. Monthly Active Users is the total number of unique users logging into their ClearScore account in a calendar month
2. Front Book Revenue is the revenue generated by a user in their first month after signing up to ClearScore
3. Back Book Revenue is the revenue generated by a user each month following their month of signup

Directors

This report was approved by the board of directors on 24 September 2020 and signed on behalf of the board by:

Mr J S M Basini
Director

47 Durham Street
London, UK
SE11 5JA

Clear Score Technology Limited

Directors' Report

Year ended 31 December 2019

The directors present their report and the Annual Report and Financial Statements of the company for the year ended 31 December 2019.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Mr M J Onyett
Mr M K Badale
Mr J S M Basini
Mr D O Cobley
Mr N W Morris
Mr J M Reidy

Dividends

The directors do not recommend the payment of a dividend (2018: £nil).

Future developments

The nature of the business is not expected to change going forward.

Going concern

The directors believe that preparing the financial statements on the going concern basis under the historical cost convention is appropriate due to the continued financial support of its 100% parent company Credit Laser Holdings Limited.

The Company and Group's latest forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Company and Group will be able to operate within the level of its debt facilities for at least 12 months from the approval date of these Financial Statements. Accordingly, the Company and Group continues to adopt the going concern basis in preparing its Financial Statements. The uncertainty as to the future impact on the Company and Group of the recent COVID-19 outbreak has been considered as part of the Company's and Group's adoption of the going concern basis.

The Company and Group has a £10m working capital facility which has two covenants with respect to the Company and Group's business performance, a liquidity covenant and a quarterly revenue covenant.

In a scenario where the Company and Group sees 20% lower revenue in Q3 than currently forecast, the Company and Group will still be able to operate in compliance with the liquidity covenant without making any further adjustments to expenditure. In a scenario where a shortfall in revenue exceeds 20% of the current forecast, the Company and Group would look to make further cost reductions and supplier renegotiations to the extent necessary to avoid breaching the liquidity covenant. Only after exhausting all possible cash saving measures would the Company and Group need to agree a waiver of the liquidity covenant with the lender.

In light of the impact of the COVID-19 outbreak the Company and Group has negotiated a waiver of the Q2 revenue covenant and is currently in discussion with the lender in respect to amending the Q3 and Q4 revenue covenants, which the business is currently forecast to breach. In Q1 2021 the lender will work in good faith with the Company and Group to agree the revenue covenant levels for 2021 based on the Company's and Group's board approved financial projections for 2021.

In the event of a significant weakened revenue performance there would be a technical breach of the monthly liquidity covenant and the quarterly revenue covenant for which the Company and Group do not currently hold a waiver. This gives rise to a material uncertainty which may cast significant doubt about the Company's and Group's ability to continue as a going concern. The Financial Statements do not include the adjustments that would result if the Company and Group was unable to continue as a going concern.

Research and development

The company undertakes research and development activities in the production of its website, by making advancements in technology.

Directors' indemnities

During the financial year and at the date of approval of these financial statements, the Company has provided an indemnity for certain directors of the Company, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006. The Company also maintains directors' and officers' liability insurance.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Clear Score Technology Limited

Directors' Report

Year ended 31 December 2019

Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

The financial statements on pages 9 to 24 were approved by the board of directors on 24 September 2020 and signed on behalf of the board by:

Mr J S M Basini
Director

Registered office:
47 Durham Street
London
UK
SE11 5JA

Clear Score Technology Limited

Independent Auditor's Report to the Members of Clear Score Technology Limited

Year ended 31 December 2019

Report on the audit of the financial statements

Opinion

In our opinion, Clear Score Technology Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2019; the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the company's ability to continue as a going concern. The Company and Group is part of the Credit Laser Holdings Group which is financed by a working capital facility which has two covenants with respect to the Company and Group's business performance, a liquidity covenant and a quarterly revenue covenant. In the event of a significant weakened revenue performance there would be a technical breach of the monthly liquidity covenant and the quarterly revenue covenant within the twelve months of the date of approval of the Company's and Group's financial statements. The Company and Group have not obtained waivers for these forecast breaches at the date of approval of the 31 December 2019 financial statements. If waivers are not successfully negotiated, then the Company and Group would be in default in respect of the related loan facilities and they would need to be repaid, which may mean that the Company and Group may not be able to meet these liabilities as they fall due. These conditions, along with the other matters explained in note 4 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Independent Auditor's Report to the Members of Clear Score Technology Limited

Year ended 31 December 2019

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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion

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

We have no exceptions to report arising from this responsibility.

Mark Jordan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 September 2020

Clear Score Technology Limited

Statement of Comprehensive Income

Year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	**55,704,776**	42,392,126
Cost of sales		**(10,789,391)**	(10,490,825)
Gross profit		**44,915,385**	31,901,301
Administrative expenses		**(44,158,405)**	(30,557,825)
Operating profit	5	**756,980**	1,343,476
Interest payable and similar expenses	8	**(693,689)**	(185,230)
Profit before taxation		**63,291**	1,158,246
Tax on profit	9	**456,098**	1,618,506
Profit for the financial year		**519,389**	2,776,752

All the activities of the company are from continuing operations.

There was no other comprehensive income for the year ended 31 December 2019 and 31 December 2018.

The Company has no other recognised items of income and expenses other than the results for the year as set out above.

Clear Score Technology Limited

Statement of Financial Position

As at 31 December 2019

	Note	2019 £	£	2018 £
Fixed assets				
Intangible assets	10		–	850
Tangible assets	11		860,636	506,025
			860,636	506,875
Current assets				
Debtors	12	12,066,156		11,308,800
Cash at bank and in hand		5,170,074		7,793,718
		17,236,230		19,102,518
Creditors: amounts falling due within one year	13	(18,133,095)		(28,861,040)
Net current liabilities			(896,865)	(9,758,522)
Total assets less current liabilities			(36,229)	(9,251,647)
Creditors: amounts falling due after more than one year	14		(8,000,000)	–
Net liabilities			(8,036,229)	(9,251,647)
Capital and reserves				
Called up share capital	18		1	1
Other reserves, including the fair value reserve			1,713,456	1,017,427
Profit and loss account			(9,749,686)	(10,269,075)
Total shareholders' deficit			(8,036,229)	(9,251,647)

These financial statements on pages 10 to 24 were approved by the Board of Directors on 24 September 2020 and signed on its behalf by:

Mr J S M Basini
Director

Company registration number: 09221862

The notes on pages 13 to 24 form part of these Annual Report and Financial Statements.

Clear Score Technology Limited

Statement of Changes in Equity

Year ended 31 December 2019

	Called up share capital	Other reserves	Profit and loss account	Total shareholders' deficit
	£	£	£	£
At 1 January 2018	1	643,313	(13,045,827)	**(12,403,513)**
Profit for the financial year	–	–	2,776,752	**2,776,752**
Total comprehensive income for the year	–	–	2,776,752	**2,776,752**
Share based payments credit	–	375,114	–	**375,114**
Total transactions with owners	–	375,114	–	**375,114**
At 31 December 2018	1	1,017,427	(10,269,075)	**(9,251,647)**
Profit for the financial year	–	–	519,389	**519,389**
Total comprehensive income for the year	–	–	519,389	**519,389**
Share based payments credit	–	554,307	–	**554,307**
Charge from long term debt	–	141,722	–	**141,722**
Total transactions with owners	–	696,029	–	**696,029**
At 31 December 2019	1	1,713,456	(9,749,686)	**(8,036,229)**

The notes on pages 13 to 24 form part of these Annual Report and Financial Statements.

Clear Score Technology Limited

Statement of Cash Flows

Year ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	**16**	**2,967,319**	3,588,313
Interest paid		**(405,648)**	(185,230)
Tax received		**614,313**	688,126
Net cash generated from operating activities		**3,175,984**	4,091,209
Cash flows from investing activities			
Purchase of tangible assets		**(751,089)**	(410,785)
Proceeds from sale of tangible assets		**–**	–
Net cash used in investing activities		**(751,089)**	(410,785)
Cash flows from financing activities			
Movement in loans from group undertakings		**(14,114,202)**	(8,568,237)
Drawdown of bank borrowings		**9,065,663**	–
Net cash used in financing activities		**(5,048,539)**	(8,568,237)
Net (decrease)/increase in cash and cash equivalents		**(2,623,644)**	(4,887,813)
Cash and cash equivalents at beginning of year		**7,793,718**	12,681,531
Cash and cash equivalents at end of year		**5,170,074**	7,793,718

The notes on pages 13 to 24 form part of these Annual Report and Financial Statements.

Clear Score Technology Limited

Notes to the Financial Statements

Year ended 31 December 2019

1. General information

The company is a private company limited by shares and incorporated in England and Wales. The address of the registered office is 47 Durham Street, London, SE11 5JA, UK.

These Financial statements have been prepared in compliance with the provisions of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', and the Companies Act 2006.

The financial statements have been prepared in accordance with the Companies Act 2006 on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss. Accounting policies set out below have been applied consistently to all years presented.

The financial statements are prepared in sterling, which is the functional currency of the entity

2. APB ethical standard

In common with many other businesses of its size and nature the Company has used its auditors to provide non-audit services, specifically taxation advice. Fees charged by the auditors were:

	2019	2018
	£	£
Fees payable for the audit of the financial statements	**48,000**	35,000
Tax compliance services	**–**	13,000
	48,000	48,000

3. Accounting policies

Going concern

Clear Score Technology Limited is a 100% subsidiary of Credit Laser Holdings Limited. Clear Score Technology Limited is in a net current liability position and relies on a letter of support from its immediate parent company Credit Laser Holdings Limited confirming that it will support the company and will not recall the intercompany debtor balance of £10,092,192 owed by Clear Score Technology Limited for at least 12 months from the date of approval of these financial statements.

The Company and Group's latest forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Company and Group will be able to operate within the level of its debt facilities for at least 12 months from the approval date of these Financial Statements. Accordingly, the Company and Group continues to adopt the going concern basis in preparing its Financial Statements. The uncertainty as to the future impact on the Company and Group of the recent COVID-19 outbreak has been considered as part of the Company's and Group's adoption of the going concern basis.

The Company and Group has a £10m working capital facility which has two covenants with respect to the Company and Group's business performance, a liquidity covenant and a quarterly revenue covenant.

In a scenario where the Company and Group sees 20% lower revenue in Q3 than currently forecast, the Company and Group will still be able to operate in compliance with the liquidity covenant without making any further adjustments to expenditure. In a scenario where a shortfall in revenue exceeds 20% of the current forecast, the Company and Group would look to make further cost reductions and supplier renegotiations to the extent necessary to avoid breaching the liquidity covenant. Only after exhausting all possible cash saving measures would the Company and Group need to agree a waiver of the liquidity covenant with the lender.

3. Accounting policies *(continued)*

In light of the impact of the COVID-19 outbreak the Company and Group has negotiated a waiver of the Q2 revenue covenant and is currently in discussion with the lender in respect to amending the Q3 and Q4 revenue covenants, which the business is currently forecast to breach. In Q1 2021 the lender will work in good faith with the Company and Group to agree the revenue covenant levels for 2021 based on the Company's and Group's board approved financial projections for 2021.

In the event of a significant weakened revenue performance there would be a technical breach of the monthly liquidity covenant and the quarterly revenue covenant for which the Company and Group do not currently hold a waiver. This gives rise to a material uncertainty which may cast significant doubt about the Company's and Group's ability to continue as a going concern. The Financial Statements do not include the adjustments that would result if the Company and Group was unable to continue as a going concern.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are Share Based Payments. Please refer to accounting policy set out on page 17.

Revenue recognition

Turnover compromises sales of services and compromises fees earned in the normal course of business. Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the group and value added taxes.

Foreign currencies

The financial statements are presented in pound sterling. The Company's functional and presentation currency is the pound sterling.

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date. The company's website domain name is included as an intangible asset in the financial statements.

3. Accounting policies ***(continued)***

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Intangibles	-	20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	-	33% straight line
Equipment	-	33% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Company are assigned to those units.

3. **Accounting policies** ***(continued)***

Financial instruments

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

3. Accounting policies ***(continued)***

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in the profit or loss in the period in which it arises.

Share based payments

The company provides share-based payment arrangements to certain employees.

Equity-settled arrangements are measured at fair value (excluding the effect of nonmarket based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the income statement.

The company has no cash-settled arrangements.

Leasing and similar arrangements

Rentals paid under operating leases are charged to the profit and loss account as they fall due.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

3. Accounting policies *(continued)*

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred Tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

4. Turnover

Turnover arises from:

	2019	2018
	£	£
Sale of goods and services	**55,704,776**	42,392,126

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Amortisation of intangible assets	**850**	900
Depreciation of tangible assets	**396,478**	231,776
Gains on disposal of tangible assets	**(9,687)**	–
Operating lease charges	**498,436**	498,435
Foreign exchange differences	**77,287**	35,623

6. Staff costs

The average number of persons employed by the Company during the year, including the directors, amounted to 178 (2018: 135).

Employment costs for all of the above employees, including directors were:

	2019	2018
	£	£
Wages and salaries	**11,757,691**	8,019,952
Social security costs	**1,412,420**	925,953
Other pension costs	**519,106**	225,654
Share based payments costs (**Note 16**)	**490,932**	375,114
	14,180,149	9,546,673

7. Directors' remuneration

The directors' aggregate remuneration, including charges for share based payments, in respect of qualifying services, which was the same as the highest paid director aggregate remuneration, was £303,307 (2018: £325,274). The highest paid director did not exercise any share options during the year. Directors received aggregate contributions of £12,075 (2018: £6,271) into defined contribution pension schemes.

8. Interest payable and similar expenses

	2019	2018
	£	£
Interest on banks loans	**693,689**	185,230

9. Tax on profit

The tax credit on the profit for the year was as follows:

	2019	2018
	£	£
UK Corporation Tax		
Research & development tax credit	**456,098**	1,618,506
Tax on profit or loss	**456,098**	1,618,506

	2019	2018
	£	£
Profit before taxation	**63,291**	1,158,246
Profit before taxation multiplied by the UK standard Corporation Tax of 19% (2018: 19%)	**12,025**	220,067
Effect of expenses not deductible for tax purposes	**237,430**	173,297
Timing differences for which no deferred tax is recognised	**(64,655)**	(47,521)
Enhanced research & development deductions	**(760,000)**	(760,000)
Loss surrendered for research & development tax credit	**575,180**	414,157
Research & development tax credit claimed	**(456,098)**	(316,067)
2016 payable tax credit	**-**	(688,126)
2017 payalbe tax credit	**-**	(614,313)
Total tax credit	**(456,098)**	(1,618,506)

A tax asset of £772,165 is recognised within current assets in respect of the 2018 and 2019 research and development tax credits, where the company has surrendered its losses for a payable tax credit.

10. Intangible assets

	Development costs
	£
Cost	
At 1 January 2019 and 31 December 2019	**4,500**
Amortisation	
At 1 January 2019	**3,650**
Charge for the year	**850**
At 31 December 2019	**4,500**
Carrying amount	
At 31 December 2019	**-**
At 31 December 2018	850

11. Tangible assets

	Fixtures and fittings	Equipment	Total
	£	£	£
Cost			
At 1 January 2019	115,248	785,922	**901,170**
Additions	60,292	690,797	**751,089**
At 31 December 2019	175,540	1,476,719	**1,652,259**
Depreciation			
At 1 January 2019	71,730	323,415	**395,145**
Charge for the year	55,668	340,810	**396,478**
At 31 December 2019	127,398	664,225	**791,623**
Carrying amount			
At 31 December 2019	48,142	812,494	**860,636**
At 31 December 2018	43,518	462,507	506,025

12. Debtors

	2019	2018
	£	£
Trade debtors	**2,785,531**	2,845,357
Corporation tax repayable	**772,165**	930,380
Other debtors	**27,925**	432,939
Prepayments and accrued income	**8,480,535**	7,100,124
	12,066,156	11,308,800

13. Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank loans	**1,065,663**	–
Trade creditors	**4,283,611**	2,964,030
Amounts owed to group undertakings	**10,002,192**	24,116,394
Social security and other taxes	**683,182**	376,488
Accruals and deferred income	**2,098,447**	1,404,128
	18,133,095	28,861,040

Amounts owed to group undertakings attract interest at 0%, are unsecured and repayable on demand.

14. Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Bank loans	**8,000,000**	–

The company owes £8,000,000 on a single loan, which is repayable in monthly instalments following an initial interest-only period and will be fully repaid in 2023. Interest is charged monthly on the loan at a rate of 9%.

15. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2019 £	2018 £
Financial assets that are debt instruments measured at amortised cost		
Cash at bank and in hand	**5,170,074**	7,793,718
Trade debtors	**2,785,531**	2,845,357
Accrued income	**5,667,079**	5,659,171
	13,622,684	16,298,246
Financial liabilities measured at amortised cost		
Trade creditors	**4,283,611**	2,964,030
Accruals	**2,098,447**	1,404,128
Bank loans	**9,065,663**	–
	15,447,721	4,368,158

16. Notes to the cash flow statement

	2019 £	2018 £
Profit for the financial year	**519,389**	2,776,752
Adjustments for:		
Depreciation of tangible assets	**396,478**	231,776
Amortisation of intangible assets	**850**	900
Interest payable and similar expenses	**405,648**	185,230
Tax on profit	**(456,098)**	(1,618,506)
Share based payment charge	**554,307**	375,114
Warrants charge	**141,722**	–
Changes in:		
Trade and other debtors	**(915,571)**	924,734
Trade and other creditors	**2,320,594**	712,313
Cash generated from operations	**2,967,319**	3,588,313

17. Share based payments

The group operates equity-settled share based compensations schemes. Both are established under the Enterprise management Incentive ("EMI") scheme, for certain employees under which the entity receives services from employees as consideration for equity option instruments (share options) of the Parent. The fair value of the employee services received in exchange for the grant of options is expensed on the equity basis each reporting period, based on the Group's estimate of shares that will eventually vest and the value of the options as at the date of grant.

	Options numbers	Weighted average exercise price £
Options outstanding at 1 January 2019	2,325,006	2.569
Granted during 2019	305,000	8.410
Exercised during 2019	(40,830)	2.468
Lapsed during 2019	(39,170)	3.918
Options outstanding at 31 December 2019	2,550,006	3.251
Exercisable options at 31 December 2019	1,893,424	2.112

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions.

A Black Scholes option pricing model has been used to calculate the fair value of the options granted to date. The model is internationally recognised as being appropriate to value employee share scheme. The following assumptions were made:

	2019	2018
Weighted average share price	£2.77	£2.14
Weighted average exercise price	£3.08	£2.45
Expected volatility	35%	35%
Expected life (in years)	7	4
Risk free rate	0.25%	0.50%

The share based payment charge for the year was £554,307 (2018: £375,114).

18. Called up share capital

Issued, called up and fully paid

	2019 No.	2019 £	2018 No.	2018 £
Ordinary shares of £1 each	1	1	1	1

19. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019 £	2018 £
Not later than 1 year	348,435	498,435
Later than 1 year and not later than 5 years	348,435	348,435
	696,870	846,870

20. Related party transactions

Throughout the year the company's ultimate controlling party was Credit Laser Holdings Limited, a company incorporated in Jersey, which is the 100% shareholder and ultimate parent company of Clear Score Technology Limited. At the year end Clear Score Technology Limited had the following balances outstanding with companies related through common control and directorship:

	Debtor	Creditor
	£	£
Credit Laser Holdings Limited	–	10,002,192
Blenheim Chalcot LTF Limited	–	3,600
Blenheim Chalcot IT Services India Private Ltd	–	18,274
Mortgage Power Ltd	–	22,701
Oakbrook Finance Ltd	233,250	–
	233,250	10,046,767

These balances are unsecured, interest free and repayable on demand.

During the year the Company made the following sales and purchases to companies related through common control and directorship:

	Sales	Purchases
	£	£
Accelerate Business Networking Ltd	–	5,000
Accelerate Digital Ltd	–	3,325
Accelerate People Ltd	–	43,250
Blenheim Chalcot IT Services India Private Ltd	–	467,338
Blenheim Chalcot LTF Limited	–	37,448
Mortgage Power Limited	–	181,470
Oakbrook Finance Limited	2,665,045	–
	2,665,045	737,831

Related party transactions are at arm's length where those terms can be substantiated.