COMPANY REGISTRATION NUMBER: 09221862

Clear Score Technology Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

Clear Score Technology Limited

Annual Report and Financial Statements

Year ended 31 December 2021

Contents **Page**

Clear Score Technology Limited

Strategic Report

Year ended 31 December 2021

The directors present their Strategic Report for the year ended 31 December 2021.

Principal activities

The principal activity of Clear Score Technology Limited ("the Company") is allowing its users to access their credit report and score free of charge, through the ClearScore product. Users are introduced to relevant financial products based on their eligibility. The Company receives a fee if users take one of those financial products. During 2021, the Company also launched DriveScore, a telematics app that can provide users with cheaper car insurance, the Company receives a fee if users take out car insurance from the app. The Company does not lend money or provide financial products itself.

Business review

For the year to 31 December 2021 the Company performed strongly with revenues of £74.5m, an increase of £32.9m when compared to the prior year (2020: £41.6m) This improved performance was in part due to a recovery in the credit markets following the impact of COVID-19 and the significant improvements made in the business to focus on the needs of users.

As the business recovered from the impact of COVID-19, the decision was taken to invest in future growth with administrative expenses increasing by £17.7m to £50.3m (2020: £32.6m), primarily in staff and marketing.

Overall profit before tax at £12.6m was a £12.4m improvement when compared to prior year (2020: £0.3m).

In June 2021, the Company secured additional investment of £25m from a new investor to fund future growth. With this and the improved performance of the business, the Company's balance sheet position has improved. As at 31 December 2021, the Company had net assets of £8.2m (2020: (£5.5m)) and a cash balance of £35.1m (2020: £14m).

Principal risks and uncertainties

The Company recognises and believes that actively managing current and future risk exposure is an integral part of sound management practice and is vital to the success of the 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, maintain operations or results in the loss of user data

- **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 (such as COVID-19, recession etc.), 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.

Principal risks and uncertainties *(continued)*

The Company's risk management approach is covered in its Risk Management Framework, covering risk appetite, risk identification and risk management. 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 monthly basis and formally on a quarterly basis. In addition, there are clear reporting lines for staff to raise awareness of risks to each respective risk owner.

Key performance indicators (KPIs)

The Company has a number of KPIs that it uses to measure and monitor performance, covering both financial and non-financial performances. Core KPIs are:

	2021	2020	Variance	
Revenue	£74.5m	£41.6m	£32.9m	79%
Operating profit	£13.4m	£1.4m	£12.0m	n/r
Total users	11.8m	10.4m	1.4m	14%
Annual Active users	6.6m	6.2m	0.4m	7%
Revenue per active user	£11.25	£6.75	£4.50	67%

Active users are defined as the number of users that that have interacted with the platform at least once during the year.

Future developments

The business has illustrated its resilience throughout the COVID-19 pandemic and recovered strongly throughout 2021. During 2022 and beyond the board plans to continue to invest and grow the business in existing and new verticals and markets.

This investment will be made through a combination of the capital received in 2021 from external investors and the strong cash flow generated by the business. Generating future growth opportunities, and improving margin in the coming years.

Section 172(1) statement

The directors, in line with their duties under section 172 of the Companies Act 2006, act individually and collectively 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 and stakeholders, and in doing so have regard to:

- Likely consequences of any decision in the long term
- Interests of the Company's employees
- Interest of the Company's users
- Fostering positive business relationships with partners, suppliers and others
- Impact of the Company on the community and the environment
- Maintaining a reputation for high standards of business conduct
- Need to act fairly to all stakeholders of the Company

These matters are embedded in the directors decision-making process, through the Company's strategy, culture, management information and stakeholder engagement process.

The board promotes a culture of upholding the highest standards of business conduct, while focusing on achieving success for the Company in the long-term.

The board ensures the highest standards are embedded within all levels of the Company through employee communication, training programmes, policies and procedures.

The board also recognises that building strong and lasting relationships with all stakeholders will help to deliver the strategy in line with Company values and operate a successful and sustainable business.

Stakeholders
The board understands the importance of engagement with all of its stakeholder and gives appropriate consideration to the outcome of its decisions upon the relevant stakeholders when promoting the success of the Company.

The board regularly discusses issues concerning employees, users, partners, suppliers, community, environment and shareholders, which it takes into account in its decision-making process. In order to understand the interests and views of the stakeholders, the board and Company engages directly with them when required.

The Company's key stakeholders are:

- **Employees**
  Our employees contribute to our positive working environment. In aiming to be a responsible employer the Company offers competitive pay and benefits and engages with employees to ascertain their training and development requirements in order to assist with increasing productivity and offering employees the opportunity to reach their full potential;

  The Company has a culture that invites new ideas, diverse perspectives and opportunities for growth. We ensure that employees feel they are valued and that their hard work is recognised by the management team. Communication is shared with employees through regular Company updates;

- **Users**
  Our users are at the centre of our business. The Company focuses on ensuring that our product delivers a great user experience enabling our users to improve their financial wellbeing;

Stakeholders (continued)

- **Partners**
  Our partners vary from large banks to smaller fintech providers. We work with our partners to help them understand our users needs and credit profile. Thereby helping them to make the right lending decisions and giving our users access to the widest choice of products;

- **Suppliers**
  The Company works with a wide number of suppliers, and the Company is committed to being fair and transparent in dealings with all of them. We ensure all suppliers are paid in a timely manner for the goods and services that they provide;

- **Community**
  The directors believe that social responsibility, diversity and the impact on the surrounding community is of high importance to everyone within the Company. Social responsibility principles are part of the Company's culture and decision-making process. The Company continues to commit and expand the Company's work in association with local and national organisations and charities; and

- **Shareholders**
  The board seeks to behave in a responsible manner, communicating information relevant to shareholders through regular CEO updates and financial reports.

Global Greenhouse Gas (GHG) Emissions
In accordance with the Companies Act 2006 (Strategic Reports and Directors Report) regulations 2013. The new Streamlined Energy & Carbon Reporting (SECR) regulations came into effect on 1 April 2019 and these guidelines have been followed to comply with these new regulations.

The Company is committed to managing its environmental impact and has well established waste management initiatives across the Company, including recycling bins to mitigate waste. In addition, the Company implements more energy efficient solutions wherever possible, including fitting energy efficient lighting in offices. Further initiatives will be implemented to continue to improve the company's energy efficiency in the coming years.

The methodology used to calculate our emissions is based upon the 'Environmental Reporting Guidelines including streamlines energy and carbon reporting guidance' (March 2019) issued by DEFRA.

***For the year ending* 31 December 2021**

	Tonnes of CO_2e	kWh
Scope 1 (direct emissions)	–	–
Scope 2 (indirect emissions)	50.8	239,030
Scope 3	–	–
Intensity measurement		
Total tonnes of CO_2e by employee	0.25	

Directors
This report was approved by the board of directors on 4 August 2022 and signed on behalf of the board by:

Mr J S M Basini
Director

1-45 Durham Street
London
SE11 5JH

Clear Score Technology Limited

Directors' Report

Year ended 31 December 2021

The directors present their report and the Annual Report and audited Financial Statements of the Company for the year ended 31 December 2021.

Principal activities

Details on the principal activities of the Company are given in the Strategic Report.

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 N W Morris	
Mr J S M Basini	
Mr M K Badale	
M J Onyett	(resigned 21 June 2021)
Mr D O Cobley	
Mr J M Reidy	
Mr B S-T Tsai	(appointed 21 June 2021)

Results and dividends

The profit after tax for the financial year was £12,453,543 (2020: £1,509,536). Further details of the financial performance of the Company are given in the Strategic Report.

The directors do not recommend the payment of a dividend (2020: £nil).

Future developments

Details of future developments of the Company are given in the Strategic Report.

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 available debt facilities and meet its financial obligations as they fall due 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.

Furthermore, Company and Group renegotiated its available working capital facility in March 2022, increasing the total available from £10m to £15m.

Research and development

The Company undertakes research and development activities in the production of its website and mobile apps, 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.

Risk Management

Risk is managed on a Group basis, details of risk management processes and policies are set out in the Strategic Report.

Disabled employees

The Company gives full consideration to employment applications from disabled persons where the candidates skills and abilities are consistent with meeting the requirements of the role. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled it is the Company's policy to provide continued employment wherever practical in the same or an alternative position and to provide appropriate training to achieve this plan.

Employee engagement

The Company is committed to attracting, developing and retaining the best employees. We do this by offering competitive renumeration packages, a definite definitive career path and a working environment that gives everyone the opportunity to achieve their full potential.

Reward and recognition

To ensure employee share in our success, the Company offers competitive pay and benefit packages that are directly linked to performance. This is controlled through the achievement of commercially based targets.

Equal opportunities policy

Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event that members or staff become disabled, every effort is made to ensure that their employment within the Company continues and appropriate training is arranged. It is the policy of the Company that training, career development and promotion of a disabled person should as far as possible be identical to that of any other person that does not suffer from a disability.

The Company is committed to ensuring that all our employees and job applicants are treated fairly have equality of opportunity and are not discriminated against. The Company does not discriminate on the grounds of gender, sexual orientation, marital status, age, ethnic origin, colour, nationality, disability, religion or religious beliefs.

Clear Score Technology Limited

Directors' Report

Year ended 31 December 2021

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, 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.

Directors' confirmations

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 14 to 29 were approved by the board of directors on 4 August 2022 and signed on behalf of the board by:

Mr J S M Basini
Director

Registered office:
1-45 Durham Street
London
SE11 5JH

Independent auditors' report to the members of Clear Score Technology Limited

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 2021 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 2021; the statement of comprehensive income, statement of cash flows and 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.

Conclusions relating to going concern

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 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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 in respect of the financial statements, 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.

Auditors' 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.

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 of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and applicable tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 and management bias included within significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Understanding and evaluating the design and implementation of controls designed to prevent and detect irregularities and fraud;
- Inquiry of management and the Company's legal advisors regarding their consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Challenging assumptions and judgements made by management in respect of critical accounting judgements and significant accounting estimates, and assessing these judgements and estimates for management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

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 obtained all the information and explanations we require for our audit; or
- 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
4 August 2022

Clear Score Technology Limited

Statement of Comprehensive Income

Year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	**74,487,328**	41,556,698
Cost of sales		**(10,786,234)**	(8,090,453)
Gross profit		**63,701,094**	33,466,245
Administrative expenses		**(50,318,985)**	(32,573,193)
Other operating income		–	514,127
Operating profit	5	**13,382,109**	1,407,179
Interest payable and similar expenses	8	**(734,505)**	(1,114,667)
Profit before taxation		**12,647,604**	292,512
Tax on profit	9	**(194,061)**	1,217,024
Profit for the financial year		**12,453,543**	1,509,536

All the activities of the Company are from continuing operations.

There was no other comprehensive income for the year ended 31 December 2021 and 31 December 2020.

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

The notes on pages 18 to 29 form part of these Annual Report and Financial Statements.

Clear Score Technology Limited

Statement of Financial Position

As at 31 December 2021

	Note	2021 £	2021 £	2020 £
Fixed assets				
Intangible assets	10		**47,985**	–
Tangible assets	11		**778,964**	776,293
			826,949	776,293
Current assets				
Debtors	12	**18,314,446**		8,343,562
Cash at bank and in hand		**35,089,587**		14,016,358
		53,404,033		22,359,920
Creditors: amounts falling due within one year	13	**(45,253,233)**		(28,631,071)
Net current assets/(liabilities)			**8,150,800**	(6,271,151)
Total assets less current liabilities			**8,977,749**	(5,494,858)
Creditors: amounts falling due after more than one year	14		**(800,000)**	–
Net assets/(liabilities)			**8,177,749**	(5,494,858)
Capital and reserves				
Called up share capital	18		**1**	1
Other reserves			**3,964,355**	2,745,291
Profit and loss account			**4,213,393**	(8,240,150)
Total shareholders' funds/(deficit)			**8,177,749**	(5,494,858)

These financial statements on pages 14 to 29 were approved by the Board of Directors on 4 August 2022 and signed on its behalf by:

Mr J S M Basini
Director

Company registration number: 09221862

The notes on pages 18 to 29 form part of these Annual Report and Financial Statements.

Clear Score Technology Limited

Statement of Changes in Equity

Year ended 31 December 2021

	Called up share capital	Other reserves	Profit and loss account	Total shareholders' (deficit)/funds
	£	£	£	£
At 1 January 2020	1	1,713,456	(9,749,686)	**(8,036,229)**
Profit for the financial year	–	–	1,509,536	**1,509,536**
Total comprehensive income for the year	–	–	1,509,536	**1,509,536**
Share based payments credit	–	1,031,835	–	**1,031,835**
Total transactions with owners	–	1,031,835	–	**1,031,835**
At 31 December 2020	1	2,745,291	(8,240,150)	**(5,494,858)**
Profit for the financial year	–	–	12,453,543	**12,453,543**
Total comprehensive income for the year	–	–	12,453,543	**12,453,543**
Share based payments credit	–	1,219,064	–	**1,219,064**
Total transactions with owners	–	1,219,064	–	**1,219,064**
At 31 December 2021	**1**	**3,964,355**	**4,213,393**	**8,177,749**

The notes on pages 18 to 29 form part of these Annual Report and Financial Statements.

Clear Score Technology Limited

Statement of Cash Flows

Year ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	16	**5,102,386**	7,983,401
Interest paid		**(734,505)**	(1,114,667)
Tax received		**–**	1,331,603
Net cash generated from operating activities		**4,367,881**	8,200,337
Cash flows from investing activities			
Purchase of tangible assets		**(603,956)**	(226,220)
Purchase of intangible assets		**(58,973)**	–
Net cash used in investing activities		**(662,929)**	(226,220)
Cash flows from financing activities			
Movement in loans from group undertakings		**23,382,591**	(76,484)
Repayment of bank borrowings		**(6,014,314)**	(800,000)
Drawdown of bank borrowings		**–**	1,748,651
Net cash generated from financing activities		**17,368,277**	872,167
Net increase in cash and cash equivalents		**21,073,229**	8,846,284
Cash and cash equivalents at beginning of year		**14,016,358**	5,170,074
Cash and cash equivalents at end of year		**35,089,587**	14,016,358

The notes on pages 18 to 29 form part of these Annual Report and Financial Statements.

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 Vox Studios, 1-45 Durham St, London SE11 5JH, 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:

	2021	2020
	£	£
Fees payable for the audit of the financial statements	**103,400**	94,000
Tax compliance services	**6,000**	5,500
	109,400	99,500

3. Accounting policies

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 available debt facilities and meet its financial obligations as they fall due 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.

Furthermore, Company and Group renegotiated its available working capital facility in March 2022, increasing the total available from £10m to £15m.

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 21.

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

Revenue recognition

Turnover comprises sales of services and comprises fees earned in the normal course of business. Turnover is measured at 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.

Cost of sales

Cost of sales are recognised in profit or loss upon utilisation of the service or as incurred.

Foreign currencies

The financial statements are presented in pounds sterling. The Company's functional and presentation currency is pounds 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 taken to the profit and loss account.

Intangible assets

Intangible assets are initially recorded at cost, and 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.

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 estimate.

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.

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated 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.

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.

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

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.

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.

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

Share based payments (continued)

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. In any instances 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.

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.

3. Accounting policies *(continued)*

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:

	2021	2020
	£	£
Provision of services	**74,487,328**	41,556,698

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):

	2021	2020
	£	£
Amortisation of intangible assets	**10,988**	–
Depreciation of tangible assets	**601,285**	310,563
Gains on disposal of tangible assets	**(8,071)**	(33,017)
Operating lease charges	**540,397**	348,435
Foreign exchange differences	**32,749**	83,705

6. Staff costs

The average number of persons employed by the Company during the year, including the directors, amounted to 193 (2020: 205).

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

	2021	2020
	£	£
Wages and salaries	**15,945,779**	13,736,543
Social security costs	**1,968,214**	1,610,527
Other pension costs	**826,657**	667,238
Share based payments costs (Note 17)	**1,219,064**	1,031,835
	19,959,714	17,046,143

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 £372,754 (2020: £339,683). The highest paid director exercised 249,900 share options during the year (2020: nil). Directors received aggregate contributions of £13,200 (2020: £13,200) into defined contribution pension schemes.

8. Interest payable and similar expenses

	2021	2020
	£	£
Interest on banks loans	734,505	1,114,667

9. Tax on profit

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

	2021	2020
	£	£
UK Corporation Tax		
Research & development tax (charge)/credit	(194,061)	1,217,024
Tax on profit	(194,061)	1,217,024

	2021	2020
	£	£
Profit before taxation	12,647,604	292,512
Profit before taxation multiplied by the UK standard Corporation Tax of 19% (2020: 19%)	2,403,045	55,577
Effect of expenses not deductible for tax purposes	347,953	222,759
Timing differences for which no deferred tax is recognised	(132,451)	(70,840)
Enhanced research & development deductions	(1,077,651)	(1,069,160)
Loss surrendered for research & development tax credit	–	861,664
Other differences	(1,533)	–
Research & development tax credit claimed	–	(657,586)
Utilisation of losses carried forward	(1,539,363)	–
Adjustment in respect of previous years	194,061	(559,438)
Total tax charge/(credit)	194,061	(1,217,024)

A tax asset of £463,525 is recognised within current assets in respect of the 2020 research and development tax credits, where the Company has surrendered its losses for a payable tax credit.

10. Intangible assets

	Total £
Cost	
At 1 January 2021	–
Additions	58,973
At 31 December 2021	58,973
Accumulated amortisation	
At 1 January 2021	–
Charge for the year	10,988
At 31 December 2021	10,988
Carrying amount	
At 31 December 2021	47,985
At 31 December 2020	–

11. Tangible assets

	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 January 2021	175,540	1,702,939	**1,878,479**
Additions	230,512	373,444	**603,956**
At 31 December 2021	406,052	2,076,383	**2,482,435**
Accumulated Depreciation			
At 1 January 2021	131,410	970,776	**1,102,186**
Charge for the year	55,931	545,354	**601,285**
At 31 December 2021	187,341	1,516,130	**1,703,471**
Carrying amount			
At 31 December 2021	218,711	560,253	**778,964**
At 31 December 2020	44,130	732,163	**776,293**

12. Debtors

	2021 £	*2020* £
Trade debtors	**5,263,563**	1,847,585
Corporation tax repayable	**463,524**	657,586
Other debtors	**879,475**	109,468
Prepayments and accrued income	**11,707,884**	5,728,923
	18,314,446	8,343,562

All amounts fall due within 1 year.

13. Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	3,200,000	10,014,314
Trade creditors	2,569,128	4,537,672
Amounts owed to group undertakings	33,308,300	9,925,708
Taxation and social security	799,145	2,104,471
Accruals and deferred income	5,376,660	2,048,906
	45,253,233	28,631,071

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

	2021	2020
	£	£
Bank loans and overdrafts	800,000	–

The Company owes £4,000,000 on a single secured loan, which is repayable in monthly instalments and will be fully repaid in 2023. Interest is charged monthly on the loan at a rate of 9% per annum.

15. Financial instruments

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

	2021	2020
	£	£
Financial assets that are debt instruments measured at amortised cost		
Cash at bank and in hand	35,089,587	14,016,358
Trade debtors	5,263,563	1,847,585
	40,353,150	15,863,943
Financial liabilities measured at amortised cost		
Trade creditors	2,569,128	4,537,672
Accruals	5,376,660	2,048,906
Bank loans and overdrafts	4,000,000	10,014,314
	11,945,788	16,600,892

16. Notes to the cash flow statement

	2021 £	2020 £
Profit for the financial year	**12,453,543**	1,509,536
Adjustments for:		
Depreciation of tangible assets	**601,285**	310,563
Amortisation of intangible assets	**10,988**	–
Interest payable and similar expenses	**734,505**	1,114,667
Tax on profit	**194,061**	(1,217,024)
Share based payment charge	**1,219,064**	1,031,835
Changes in:		
Trade and other debtors	**(10,164,944)**	3,608,015
Trade and other creditors	**53,884**	1,625,809
Cash generated from operations	**5,102,386**	7,983,401

17. Share based payments

The Group operates equity-settled share-based compensations schemes. The established schemes are an Enterprise Management Incentive ("EMI") scheme, a Company Share Option Plans ("CSOP") scheme and an unapproved scheme. The schemes are 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 2021	3,032,723	4.112
Granted during 2021	847,700	2.180
Exercised during 2021	(939,372)	3.184
Lapsed during 2021	(33,750)	8.410
Options outstanding at 31 December 2021	2,907,301	3.798
Exercisable options at 31 December 2021	1,972,245	3.677

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.

17. Share based payments (continued)

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 for grants in the year were made:

	2021	**2020** (restated)
Weighted average share price	£19.94	£6.99
Weighted average exercise price	£9.03	£8.41
Expected volatility	40%	60%
Expected life (in years)	4	4
Risk free rate	0.50%	0.50%

The share based payment charge for the year was £1,219,064 (2020: £1,031,835).

18. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	**£**	No.	£
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:

	2021	2020
	£	£
Not later than 1 year	**–**	348,435
Later than 1 year and not later than 5 years	**540,397**	–
	540,397	348,435

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	–	33,308,300
Blenheim Chalcot IT Services India Private Ltd	–	83
Admiral Financial Services Limited	1,240	–
	1,240	33,308,383

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
	£	£
Blenheim Chalcot IT Services India Private Ltd	–	16,792
The Money Charity	–	19,463
Blenheim Chalcot LTF Limited	–	71,284
Mortgage Power Limited	1,281	–
Salary Finance Ltd	64,924	–
Admiral Financial Services Ltd	715,769	–
Oakbrook Finance Limited	2,364,488	–
	3,146,462	107,539

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