

COMPANY REGISTRATION NUMBER: 09221862

**Clear Score Technology Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2020**



**Clear Score Technology Limited**  
**Annual Report and Financial Statements**  
**Year ended 31 December 2020**

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# **Clear Score Technology Limited**

## **Strategic Report**

### **Year ended 31 December 2020**

The directors present their Strategic Report for the year ended 31 December 2020.

#### **Principal activities**

The principal activity of Clear Score Technology Limited ("the Company") is the provision of a website and mobile apps 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 2020 the Company recorded revenue of £41.6 million (2019: £55.7m), a decrease of 25%. The operating profit of £1.41m is an increase on the £0.76m operating profit recorded in 2019.

The decrease in revenue was due to the impact of the COVID-19 pandemic, and the impact the pandemic had on the wider economy. Despite the decrease in revenue, operating profit increased in 2020 compared to 2019 due to cost savings across the business exceeding the revenue shortfall.

As at 31 December 2020 the Company had net liabilities of £5.5m (2019: net liabilities of 8.0m), with cash at bank increasing from £5.2m in 2019 to £14.0m in 2020.

#### **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 (such as COVID-19), 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.

# Clear Score Technology Limited

## Strategic Report

Year ended 31 December 2020

### Section 172(1) statement

The board of directors consider that 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 2020.

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 are fundamental considerations 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:

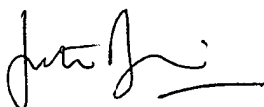
	2020	2019
Cumulative signed up users at end of year	10.39m	8.91m
Average Monthly Active Users <sup>1</sup> (absolute)	2.93m	2.50m
Average Monthly Active Users (%age of userbase)	30%	31%
Average monthly Front Book Revenue <sup>2</sup> per user	£2.03	£3.29
Average monthly Back Book Revenue <sup>3</sup> per user	£0.33	£0.53

#### 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 27 May 2021 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 2020**

The directors present their report and the Annual Report and Financial Statements of the company for the year ended 31 December 2020.

#### **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 (2019: £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 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. 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.

In early 2020 the Company took immediate action in response to the impact of the COVID-19 pandemic. Measures taken included cost reductions, supplier renegotiations and a staff reorganisation in order to maintain an appropriate level of liquidity through the year. The company made use of the Coronavirus Job Retention Scheme by furloughing staff to reduce cost, and its parent company Credit Laser Holdings Ltd received investment through participation in the government backed Future Fund scheme.

Furthermore, in order to ensure ongoing compliance the Company and Group renegotiated the performance covenants relating to its debt facilities to accommodate revised performance expectations during the year. Please refer to note 19 for further details regarding bank covenants as at the reporting date.

#### **Research and development**

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

# **Clear Score Technology Limited**

## **Directors' Report**

**Year ended 31 December 2020**

### **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, 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.

# **Clear Score Technology Limited**

## **Directors' Report**

**Year ended 31 December 2020**

### **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 10 to 24 were approved by the board of directors on 27 May 2021 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 2020**

### **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 2020 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: statement of financial position as at 31 December 2020; statement of comprehensive income, statement of cash flows and 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.



# **Clear Score Technology Limited**

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

**Year ended 31 December 2020**

### **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 2020 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.

# **Clear Score Technology Limited**

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

**Year ended 31 December 2020**

### **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 Data Protection Regulation, VAT laws, and implementation of government support schemes (Coronavirus Job Retention Scheme), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 to manipulate reported results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Making enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations
- Reviewing Board meeting and other minutes to identify any non-compliance
- Challenging assumptions and judgements made by management in significant accounting estimates
- Considering the appropriateness taxable or exempt transactions for VAT
- Testing unusual or unexpected journal entries, particularly those impacting revenue

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](http://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.

## **Clear Score Technology Limited**

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

**Year ended 31 December 2020**

#### **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.

A handwritten signature in black ink, appearing to read 'Mark Jordan', followed by a long horizontal line extending to the right.

Mark Jordan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
27 May 2021

# Clear Score Technology Limited

## Statement of Comprehensive Income

Year ended 31 December 2020

		2020	2019
	Note	£	£
<b>Turnover</b>	<b>4</b>	<b>41,556,698</b>	<b>55,704,776</b>
Cost of sales		(8,090,453)	(10,789,391)
<b>Gross profit</b>		<b>33,466,245</b>	<b>44,915,385</b>
Administrative expenses		(32,573,193)	(44,158,405)
Other operating income		514,127	–
<b>Operating profit</b>	<b>5</b>	<b>1,407,179</b>	<b>756,980</b>
Interest payable and similar expenses	<b>8</b>	(1,114,667)	(693,689)
<b>Profit before taxation</b>		<b>292,512</b>	<b>63,291</b>
Tax on profit	<b>9</b>	1,217,024	456,098
<b>Profit for the financial year</b>		<b>1,509,536</b>	<b>519,389</b>

All the activities of the company are from continuing operations.

There was no other comprehensive income for the year ended 31 December 2020 and 31 December 2019.

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

The notes on pages 14 to 24 form an integral part of these Annual Report and Financial Statements.

# Clear Score Technology Limited

## Statement of Financial Position

As at 31 December 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	10	776,293	860,636
		<u>776,293</u>	<u>860,636</u>
<b>Current assets</b>			
Debtors	11	8,343,562	12,066,156
Cash at bank and in hand		14,016,358	5,170,074
		<u>22,359,920</u>	<u>17,236,230</u>
<b>Creditors: amounts falling due within one year</b>	12	(28,631,071)	(18,133,095)
<b>Net current liabilities</b>		<u>(6,271,151)</u>	<u>(896,865)</u>
<b>Total assets less current liabilities</b>		<u>(5,494,858)</u>	<u>(36,229)</u>
<b>Creditors: amounts falling due after more than one year</b>	13	–	(8,000,000)
<b>Net liabilities</b>		<u>(5,494,858)</u>	<u>(8,036,229)</u>
<b>Capital and reserves</b>			
Called up share capital	17	1	1
Other reserves, including the fair value reserve		2,745,291	1,713,456
Profit and loss account		<u>(8,240,150)</u>	<u>(9,749,686)</u>
<b>Total shareholders' deficit</b>		<u>(5,494,858)</u>	<u>(8,036,229)</u>

These financial statements on pages 9 to 24 were approved by the Board of Directors on 27 May 2021 and signed on its behalf by:



Mr J S M Basini  
Director

Company registration number: 09221862

The notes on pages 14 to 24 form an integral part of these Annual Report and Financial Statements.

# Clear Score Technology Limited

## Statement of Changes in Equity

Year ended 31 December 2020

	Called up share capital £	Other reserves £	Profit and loss account £	Total shareholders' deficit £
<b>At 1 January 2019</b>	<b>1</b>	<b>1,017,427</b>	<b>(10,269,075)</b>	<b>(9,251,647)</b>
Profit for the financial year	—	—	519,389	519,389
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>519,389</b>	<b>519,389</b>
Share based payments credit	—	554,307	—	554,307
Charge from long term debt	—	141,722	—	141,722
<b>Total transactions with owners</b>	<b>—</b>	<b>696,029</b>	<b>—</b>	<b>696,029</b>
<b>At 31 December 2019</b>	<b>1</b>	<b>1,713,456</b>	<b>(9,749,686)</b>	<b>(8,036,229)</b>
Profit for the financial year	—	—	1,509,536	1,509,536
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>1,509,536</b>	<b>1,509,536</b>
Share based payments credit	—	1,031,835	—	1,031,835
<b>Total transactions with owners</b>	<b>—</b>	<b>1,031,835</b>	<b>—</b>	<b>1,031,835</b>
<b>At 31 December 2020</b>	<b>1</b>	<b>2,745,291</b>	<b>(8,240,150)</b>	<b>(5,494,858)</b>

The notes on pages 14 to 24 form an integral part of these Annual Report and Financial Statements.

# Clear Score Technology Limited

## Statement of Cash Flows

Year ended 31 December 2020

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	15	7,983,401	2,967,319
Interest paid		(1,114,667)	(405,648)
Tax received		1,331,603	614,313
Net cash generated from operating activities		<u>8,200,337</u>	<u>3,175,984</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible assets		(226,220)	(751,089)
Proceeds from sale of tangible assets		—	—
Net cash used in investing activities		<u>(226,220)</u>	<u>(751,089)</u>
<b>Cash flows from financing activities</b>			
Movement in loans from group undertakings		(76,484)	(14,114,202)
Repayment of bank borrowings		(800,000)	—
Drawdown of bank borrowings		1,748,651	9,065,663
Net cash generated from/(used in) financing activities		<u>872,167</u>	<u>(5,048,539)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>8,846,284</b>	<b>(2,623,644)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>5,170,074</b>	<b>7,793,718</b>
<b>Cash and cash equivalents at end of year</b>		<b><u>14,016,358</u></b>	<b><u>5,170,074</u></b>

The notes on pages 14 to 24 form an integral part of these Annual Report and Financial Statements.

# Clear Score Technology Limited

## Notes to the Financial Statements

Year ended 31 December 2020

### 1. General information

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

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:

	2020	2019
	£	£
Fees payable for the audit of the financial statements	94,000	48,000
Tax compliance services	5,500	—
	<u>99,500</u>	<u>48,000</u>

### 3. Accounting policies

#### Going concern

In preparing the financial statements and reviewing the Company's net liability position of £5,494,858 (2019: £8,036,229), the directors have considered going concern. The ultimate parent undertaking and its shareholders have confirmed that they will continue to provide adequate financial support to the Company for at least 12 months following the date of the financial statements to enable liabilities to be met as they fall due.

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 and meet its 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. 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.

In early 2020 the Company took immediate action in response to the impact of the COVID-19 pandemic. Measures taken included cost reductions, supplier renegotiations and a staff reorganisation in order to maintain an appropriate level of liquidity through the year. The company made use of the Coronavirus Job Retention Scheme by furloughing staff to reduce cost, and its parent company Credit Laser Holdings Ltd received investment through participation in the government backed Future Fund scheme.

Furthermore, in order to ensure ongoing compliance the Company and Group renegotiated the performance covenants relating to its debt facilities to accommodate revised performance expectations during the year.



# Clear Score Technology Limited

## Notes to the Financial Statements

Year ended 31 December 2020

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

#### 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 comprises sales of services and comprises 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.

#### 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.

# Clear Score Technology Limited

## Notes to the Financial Statements

Year ended 31 December 2020

### 3. Accounting policies (continued)

#### 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.

#### 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

# Clear Score Technology Limited

## Notes to the Financial Statements

Year ended 31 December 2020

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

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.

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.

# Clear Score Technology Limited

## Notes to the Financial Statements

Year ended 31 December 2020

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

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.

##### 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.

# Clear Score Technology Limited

## Notes to the Financial Statements

Year ended 31 December 2020

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

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:

	2020	2019
	£	£
Sale of services	<u>41,556,698</u>	<u>55,704,776</u>

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):

	2020	2019
	£	£
Amortisation of intangible assets	–	850
Depreciation of tangible assets	310,563	396,478
Gains on disposal of tangible assets	(33,017)	(9,687)
Operating lease charges	348,436	498,436
Foreign exchange differences	<u>83,705</u>	<u>77,287</u>

### 6. Staff costs

The average number of persons employed by the Company during the year, including the directors, amounted to 205 (2019: 178). Employment costs for all of the above employees, including directors were:

	2020	2019
	£	£
Wages and salaries	13,736,543	11,757,691
Social security costs	1,610,527	1,412,420
Other pension costs	667,238	519,106
Share based payments costs (Note 16)	<u>1,031,835</u>	<u>554,307</u>
	<u>17,046,143</u>	<u>14,243,524</u>

# Clear Score Technology Limited

## Notes to the Financial Statements

Year ended 31 December 2020

### 6. Staff costs (continued)

During the year the company received £514,127 of other operating income under the Coronavirus Job Retention Scheme. There are no unfulfilled conditions or other contingencies attached to the grants received.

### 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 £339,683 (2019: £303,307). The highest paid director did not exercise any share options during the year. Directors received aggregate contributions of £13,200 (2019: £12,075) into defined contribution pension schemes.

### 8. Interest payable and similar expenses

	2020 £	2019 £
Interest on banks loans	<u>1,114,667</u>	<u>693,689</u>

### 9. Tax on profit

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

	2020 £	2019 £
<b>UK Corporation Tax</b>		
Research & development tax credit	<u>1,217,024</u>	<u>456,098</u>
Tax on profit or loss	<u>1,217,024</u>	<u>456,098</u>

	2020 £	2019 £
Profit before taxation	<u>292,512</u>	<u>63,291</u>

Profit before taxation multiplied by the UK standard Corporation Tax of 19% (2019: 19%)

	55,577	12,025
Effect of expenses not deductible for tax purposes	222,759	237,450
Timing differences for which no deferred tax is recognised	(70,840)	(64,655)
Enhanced research & development deductions	(1,069,160)	(760,000)
Loss surrendered for research & development tax credit	861,664	575,180
Research & development tax credit claimed	(657,586)	(456,098)
2018 payable tax credit	(281,406)	-
2019 payable tax credit	(278,032)	-

Total tax credit	<u>(1,217,024)</u>	<u>(456,098)</u>
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A tax asset of £657,586 is recognised within current assets in respect of the 2020 research and development tax credits (2019: £772,165), where the company has surrendered its losses for a payable tax credit.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

# Clear Score Technology Limited

## Notes to the Financial Statements

Year ended 31 December 2020

### 10. Tangible assets

	Fixtures and fittings £	Equipment £	Total £
<b>Cost</b>			
At 1 January 2020	175,540	1,476,719	1,652,259
Additions	—	226,220	226,220
<b>At 31 December 2020</b>	<b>175,540</b>	<b>1,702,939</b>	<b>1,878,479</b>
<b>Accumulated Depreciation</b>			
At 1 January 2020	127,398	664,225	791,623
Charge for the year	4,012	306,551	310,563
<b>At 31 December 2020</b>	<b>131,410</b>	<b>970,776</b>	<b>1,102,186</b>
<b>Carrying amount</b>			
<b>At 31 December 2020</b>	<b>44,130</b>	<b>732,163</b>	<b>776,293</b>
At 31 December 2019	48,142	812,494	860,636
At 1 January 2019	43,518	462,507	506,025

### 11. Debtors

	2020 £	2019 £
Trade debtors	1,847,585	2,785,531
Corporation tax repayable	657,586	772,165
Other debtors	109,468	27,925
Prepayments and accrued income	5,728,923	8,480,535
	<b>8,343,562</b>	<b>12,066,156</b>

### 12. Creditors: amounts falling due within one year

	2020 £	2019 £
Bank loans and overdrafts	10,014,314	1,065,663
Trade creditors	4,537,672	4,283,611
Amounts owed to group undertakings	9,925,708	10,002,192
Taxation and social security	2,104,471	683,182
Accruals and deferred income	2,048,906	2,098,447
	<b>28,631,071</b>	<b>18,133,095</b>

The company owes £7,200,000 on a term loan (2019: £8,000,000), which is repayable in monthly instalments and will be fully repaid in 2023. The loan is fully recognised within current liabilities for the reasons explained in note 19. The loan is secured over all assets of the company, and interest is charged monthly on the loan at a rate of 9%.

The company's working capital facility (balance of £2.8m at year end) is subject to performance covenants relating to liquidity and quarterly EBITDA.

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

# Clear Score Technology Limited

## Notes to the Financial Statements

Year ended 31 December 2020

### 13. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Bank loans and overdrafts	<u>–</u>	<u>8,000,000</u>

### 14. Financial instruments

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

	2020 £	2019 £
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Cash at bank and in hand	14,016,358	5,170,074
Trade debtors	<u>1,847,585</u>	<u>2,785,531</u>
	<u>15,863,943</u>	<u>7,955,595</u>
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	4,537,672	4,283,611
Accruals	2,048,906	2,098,447
Bank loans	<u>10,014,314</u>	<u>9,065,663</u>
	<u>16,600,892</u>	<u>15,447,721</u>

### 15. Notes to the cash flow statement

	2020 £	2019 £
Profit for the financial year	1,509,536	519,389
<i>Adjustments for:</i>		
Depreciation of tangible assets	310,563	396,478
Amortisation of intangible assets	–	850
Interest payable and similar expenses	1,114,667	405,648
Tax on profit	(1,217,024)	(456,098)
Share based payment charge	1,031,835	554,307
Warrants charge	–	141,722
<i>Changes in:</i>		
Trade and other debtors	3,608,015	(915,571)
Trade and other creditors	<u>1,625,809</u>	<u>2,320,594</u>
Cash generated from operations	<u>7,983,401</u>	<u>2,967,319</u>



# Clear Score Technology Limited

## Notes to the Financial Statements

Year ended 31 December 2020

### 16. Share based payments

The company 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 2020	2,550,006	3.251
Granted during 2020	520,527	8.410
Exercised during 2020	(12,080)	1.000
Lapsed during 2020	(25,730)	7.216
Options outstanding at 31 December 2020	3,032,723	4.112
Exercisable options at 31 December 2020	2,175,467	2.550

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 schemes. The following assumptions were made:

	2020	2019
Weighted average share price	£3.31	£2.65
Weighted average exercise price	£3.89	£3.08
Expected volatility	40%	37%
Expected life (in years)	4	4
Risk free rate	0.50%	0.50%

The share based payment charge for the year was £1,031,835 (2019: £554,307).

### 17. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

### 18. Operating leases

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

	2020	2019
	£	£
Not later than 1 year	348,435	348,435
Later than 1 year and not later than 5 years	—	348,435
	<u>348,435</u>	<u>696,870</u>

# Clear Score Technology Limited

## Notes to the Financial Statements

Year ended 31 December 2020

### 19. Events after the reporting date

As at the balance sheet date the company was not in compliance with a general undertaking covenant under its loan facilities. This undertaking is in relation to the level of funds held in a company bank account not operated by the lending bank. This matter was notified to and acknowledged by the lender post year end, who waived any rights of recourse in respect of this matter. As at the date of signing the financial statements the company is compliant with all general undertakings under its loan facilities.

As a consequence of the above, the element of the bank loan that would have been recognised as a non-current liability has been recognised as a current liability.

### 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. Credit Laser Holdings Limited are the only company that prepares consolidated group financial statements including 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	–	9,925,708
BC Foxtrot Limited	–	1,987
Blenheim Chalcot LTF Limited	–	101
Blenheim Chalcot IT Services India Private Limited	–	8,875
Mortgage Power Limited	–	5,306
Oakbrook Finance Limited	80,156	–
<b>Balances at 31 December 2020</b>	<b>80,156</b>	<b>9,941,977</b>
Balances at 31 December 2019	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 People Limited	–	8,400
Blenheim Chalcot IT Services India Private Limited	–	184,561
Blenheim Chalcot LTF Limited	–	76,179
Mortgage Power Limited	–	117,086
Oakbrook Finance Limited	1,259,962	–
<b>Total transaction during 2020</b>	<b>1,259,962</b>	<b>386,226</b>
Total transaction during 2019	2,665,045	737,831

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