

REGISTERED NUMBER: SC366382 (Scotland)

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

FOR

CURO COMPENSATION LIMITED



**CURO COMPENSATION (REGISTERED NUMBER: SC366382)**

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FOR THE YEAR ENDED 31 MARCH 2020**

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**CURO COMPENSATION**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**DIRECTORS:** C C Allner  
D A Milroy  
G J O'Neill  
Mrs A M Williams

**SECRETARY:** Addleshaw Goddard (Scotland) Secretarial

**REGISTERED OFFICE:** Exchange Tower  
19 Canning Street  
Edinburgh  
Midlothian  
EH3 8EH

**BUSINESS ADDRESS:** 2nd Floor  
Playfair House  
6 Broughton Street Lane  
Edinburgh  
EH1 3LY

**REGISTERED NUMBER:** SC366382 (Scotland)

**AUDITORS:** Consilium Audit Limited (Statutory Auditor)  
169 West George Street  
Glasgow  
G2 2LB

**CONSOLIDATED BALANCE SHEET**  
31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	4		3,076,393		2,911,220
Tangible assets	5		73,840		82,729
Investments	6		<u>-</u>		<u>-</u>
			3,150,233		2,993,949
<b>CURRENT ASSETS</b>					
Debtors	7	865,368		1,049,944	
Cash at bank and in hand		<u>51,354</u>		<u>1,371,051</u>	
		916,722		2,420,995	
<b>CREDITORS</b>					
Amounts falling due within one year	8	<u>2,383,632</u>		<u>1,684,625</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(1,466,910)</u>		<u>736,370</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,683,323		3,730,319
<b>CREDITORS</b>					
Amounts falling due after more than one year	9		<u>381,418</u>		<u>376,000</u>
<b>NET ASSETS</b>			<u>1,301,905</u>		<u>3,354,319</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		611,883		611,883
Share premium			7,198,430		7,198,430
Translation reserve			(18,245)		(881)
Retained earnings			<u>(6,490,163)</u>		<u>(4,455,113)</u>
			<u>1,301,905</u>		<u>3,354,319</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

09/10/2020

The financial statements were approved by the Board of Directors and authorised for issue on ..... and were signed on its behalf by:

*Gerry O'Neill*

.....  
G J O'Neill - Director

The notes form part of these financial statements

**CURO COMPENSATION (REGISTERED NUMBER: SC366382)**

**COMPANY BALANCE SHEET  
31 MARCH 2020**

	Notes	2020		2019	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	4		3,076,393		2,911,220
Tangible assets	5		73,840		82,729
Investments	6		<u>7</u>		<u>-</u>
			3,150,240		2,993,949
<b>CURRENT ASSETS</b>					
Debtors	7	802,668		1,141,094	
Cash at bank		<u>40,573</u>		<u>1,346,244</u>	
		843,241		2,487,338	
<b>CREDITORS</b>					
Amounts falling due within one year	8	<u>2,290,594</u>		<u>1,652,147</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(1,447,353)</u>		<u>835,191</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,702,887		3,829,140
<b>CREDITORS</b>					
Amounts falling due after more than one year	9		<u>381,418</u>		<u>376,000</u>
<b>NET ASSETS</b>			<u>1,321,469</u>		<u>3,453,140</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		611,883		611,883
Share premium			7,198,430		7,198,430
Retained earnings			<u>(6,488,844)</u>		<u>(4,357,173)</u>
			<u>1,321,469</u>		<u>3,453,140</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

09/10/2020

The financial statements were approved by the Board of Directors and authorised for issue on ..... and were signed on its behalf by:

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The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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1. **STATUTORY INFORMATION**

Curo Compensation is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

In the year to 31 March 2020 the Group reported a loss of £2,043,397 (2019: £1,200,474). The business continues to absorb cash as investment is made to grow the business in line with the Group's strategic objectives. This includes significant investment in the US and Australia. As at 31 March 2020, the Group had net assets of £1,301,905 which reflects the significant investment provided by the shareholders to date.

Subsequent to the year end the Group has been impacted by the COVID-19 virus. To a large degree this has demonstrated to the Directors the value of the Group's core products to customers and there remains a strong pipeline of new customer opportunities. However, in the short term the rate of revenue growth has been impacted. The Directors have taken action to reduce the Group's cost base to minimise the rate of cash utilisation in the business and has taken advantage of VAT and PAYE deferrals from HMRC. A further funding round from the existing investors generated net proceeds of £691k during April 2020.

The Directors have prepared financial projections covering a period of 12 months from the date of signing these financial statements. These show that on the basis of reasonable assumptions with regards to revenues, costs and cash flows that the Group can continue to operate as a going concern, meeting liabilities as they fall due. In the unlikely event that further investor support is considered necessary, the directors are confident that any such financial support would be backed by a significant majority of shareholders. On this basis the Directors believe it is appropriate for these financial statements to be prepared on a going concern basis.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and all Group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method. The results of companies acquired or disposed of are included in the Consolidated Income Statement after or up to the date that control passes respectively.

**Turnover**

Turnover represents amounts receivable for the development and sale of compensation planning and management software as a service, together with related consultancy, net of VAT and trade discounts. For licencing contracts revenue is recognised across the period to which it relates.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimate reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimate reliably, revenue is recognised only to the extend of the expenses recognised that it is probable will be recovered.

**Intangible assets**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development Costs 12.5% straight line and 20% straight line

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020

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2. ACCOUNTING POLICIES - continued

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Fixtures and fittings - 20% straight line

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

Residual values and potential asset impairments are reviewed annually by the directors.

**Financial instruments**

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

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement.

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. A financial liability is any contractual arrangement for an entity to deliver cash to the holder of the associated financial instrument.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Pension costs and other post-retirement benefits**

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the Income Statement in the period to which they relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020

2. ACCOUNTING POLICIES - continued

**Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes model. The fair value determined at the grant date is expenses on a straight-line basis over the vesting period based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expenses is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

**Fixed asset investments**

Investments are stated at cost less provision for any diminution of value, if such reduction is deemed to be of a permanent nature. The additions during the year relates to the establishment of overseas subsidiaries in USA, Canada and Australia.

**Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

**Leases**

Rental income from the operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 53 (2019 - 36).

4. INTANGIBLE FIXED ASSETS

**Group and Company**

	<b>Other intangible assets £</b>
<b>COST</b>	
At 1 April 2019	3,931,451
Additions	<u>1,018,171</u>
At 31 March 2020	<u>4,949,622</u>
<b>AMORTISATION</b>	
At 1 April 2019	1,020,231
Charge for year	<u>852,998</u>
At 31 March 2020	<u>1,873,229</u>
<b>NET BOOK VALUE</b>	
At 31 March 2020	<u>3,076,393</u>
At 31 March 2019	<u>2,911,220</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020

## 5. TANGIBLE FIXED ASSETS

## Group and Company

	Fixtures and fittings £
<b>COST</b>	
At 1 April 2019	263,593
Additions	22,969
Disposals	<u>(175)</u>
At 31 March 2020	<u>286,387</u>
<b>DEPRECIATION</b>	
At 1 April 2019	180,864
Charge for year	31,686
Eliminated on disposal	<u>(3)</u>
At 31 March 2020	<u>212,547</u>
<b>NET BOOK VALUE</b>	
At 31 March 2020	<u>73,840</u>
At 31 March 2019	<u>82,729</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020

## 6. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
<b>COST</b>	
Additions	<u>7</u>
At 31 March 2020	<u>7</u>
<b>NET BOOK VALUE</b>	
At 31 March 2020	<u><u>7</u></u>

The Group or the Company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries****Curo Compensation Australia Limited**

Registered office: 332/63 Spencer Street Docklands, Vic, 3008

Nature of business: Development & sale of compensation software

Class of shares:	%
Ordinary share	holding 100.00

**Curo Compensation Canada Limited**

Registered office: Suite 211, 65 Denzil Doyle Court, Kanata, Ontario, K2M 2G8

Nature of business: Development & sale of compensation software

Class of shares:	%
Ordinary shares	holding 100.00

**Curo USA Inc**

Registered office: 19 Cortland Drive, Hudson, MA, 01749

Nature of business: Development & sale of compensation software

Class of shares:	%
Ordinary shares	holding 100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	484,239	802,273	425,153	802,273
Amounts owed by group undertakings	-	-	-	92,224
Other debtors	247,564	246,597	246,866	246,597
Prepayments and accrued income	<u>133,565</u>	<u>1,074</u>	<u>130,649</u>	-
	<u>865,368</u>	<u>1,049,944</u>	<u>802,668</u>	<u>1,141,094</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	448,463	106,048	442,339	104,406
Social security and other taxes	170,270	121,538	170,270	121,538
VAT	12,599	-	12,599	-
Other creditors	41,543	1,410,754	18,325	1,410,754
Accruals and deferred income	<u>1,710,757</u>	<u>46,285</u>	<u>1,647,061</u>	<u>15,449</u>
	<u>2,383,632</u>	<u>1,684,625</u>	<u>2,290,594</u>	<u>1,652,147</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Loan notes	<u>381,418</u>	<u>376,000</u>	<u>381,418</u>	<u>376,000</u>

10. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	64,500	77,495
Between one and five years	<u>113,770</u>	<u>96,816</u>
	<u>178,270</u>	<u>174,311</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020

10. LEASING AGREEMENTS - continued

Company

	Non-cancellable operating leases	
	2020 £	2019 £
Within one year	48,375	77,495
Between one and five years	<u>48,441</u>	<u>96,816</u>
	<u>96,816</u>	<u>174,311</u>

11. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Loan notes	<u>381,418</u>	<u>376,000</u>	<u>381,418</u>	<u>376,000</u>

The loan notes bear interest at 10%, are secured by a floating charge over all of the assets of the company and are due to be redeemed on 15th December 2022.

12. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal value:	2020 £	2019 £
2,443,200	Ordinary	10p	244,320	244,320
1,087,850	Ordinary A	10p	108,785	108,785
127,790	Ordinary B	10p	12,779	12,779
2,459,990	Ordinary C	10p	<u>245,999</u>	<u>245,999</u>
			<u>611,883</u>	<u>611,883</u>

All shares rank pari passu in all respects.

13. ULTIMATE CONTROLLING PARTY

In the opinion of the directors, there is no ultimate controlling party.

**CURO COMPENSATION (REGISTERED NUMBER: SC366382)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2020**

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**14. SHARE-BASED PAYMENT TRANSACTIONS**

	2020 £	2019 £
Outstanding at 1 April 2019	233,852	348,852
Granted	-	35,000
Forfeited	<u>(30,000)</u>	<u>(150,000)</u>
Outstanding at 31 March 2020	<u>203,852</u>	<u>233,852</u>
Exercisable at 31 March 2020	-	-

The weighted average fair value of the options granted during the year was £0.89 (2019 - £0.89).

All options outstanding at 31 March 2020 have an exercise price of £0.59.

During the year, the company recognised total share-based payment expenses of £8,437 (2019 - £31,395) which relate to equity settled share based payment transactions.

**15. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

David Holt (Senior Statutory Auditor)  
For and on behalf of Consilium Audit Limited (Statutory Auditor)