

Company Registration No. SC366382 (Scotland)

CURO COMPENSATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019
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CURO COMPENSATION LIMITED

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CURO COMPENSATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	4	2,911,220		2,430,736	
Tangible assets	5	82,729		72,330	
		<u>2,993,949</u>		<u>2,503,066</u>	
Current assets					
Debtors	6	1,141,094		1,194,827	
Cash at bank and in hand		1,346,244		966,898	
		<u>2,487,338</u>		<u>2,161,725</u>	
Creditors: amounts falling due within one year	7	<u>(1,636,698)</u>		<u>(1,197,801)</u>	
Net current assets		<u>850,640</u>		<u>963,924</u>	
Total assets less current liabilities		<u>3,844,589</u>		<u>3,466,990</u>	
Creditors: amounts falling due after more than one year	8	<u>(391,449)</u>		<u>(391,449)</u>	
Net assets		<u><u>3,453,140</u></u>		<u><u>3,075,541</u></u>	
Capital and reserves					
Called up share capital	10	611,883		486,883	
Share premium account		7,198,430		5,874,692	
Profit and loss reserves		<u>(4,357,173)</u>		<u>(3,286,034)</u>	
Total equity		<u><u>3,453,140</u></u>		<u><u>3,075,541</u></u>	

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

CURO COMPENSATION LIMITED

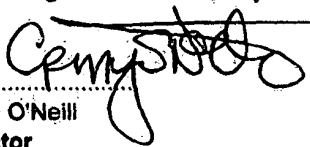
BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2019

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

The financial statements were approved by the board of directors and authorised for issue on
and are signed on its behalf by:

8 Aug 2019


.....
Gerry O'Neill
Director

Company Registration No. SC366382

CURO COMPENSATION LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2017		320,994	4,417,505	(3,170,683)	1,567,816
Year ended 31 March 2018:					
Loss and total comprehensive income for the year		-	-	(139,804)	(139,804)
Issue of share capital	10	165,889	1,457,185	-	1,623,074
Credit to equity for equity settled share-based payments	9	-	-	24,453	24,453
Other movements		-	2	-	2
Balance at 31 March 2018		486,883	5,874,692	(3,286,034)	3,075,541
Year ended 31 March 2019:					
Loss and total comprehensive income for the year		-	-	(1,102,534)	(1,102,534)
Issue of share capital	10	125,000	1,323,738	-	1,448,738
Credit to equity for equity settled share-based payments	9	-	-	31,395	31,395
Balance at 31 March 2019		611,883	7,198,430	(4,357,173)	3,453,140

CURO COMPENSATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

Curo Compensation Limited is a private company limited by shares incorporated in Scotland. The registered office is Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in Sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

A prior year adjustment has been made to reclassify expenditure of £746,915 from administrative expenses to cost of sales to better reflect the nature of the expenditure. There is no impact on profit or net assets as a consequence of this reclassification.

1.2 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 estimated 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 estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.3 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.

1.4 Intangible fixed assets other than goodwill

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
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1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

CURO COMPENSATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (Continued)

Depreciation 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:

Fixtures, fittings & equipment	20% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Borrowing costs related to fixed assets

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and other short-term liquid investments with original maturities of three months or less.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are measured at transaction price including transaction costs.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors are recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less.

CURO COMPENSATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 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 expensed 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 the 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 expense 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.

CURO COMPENSATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (Continued)

1.14 Leases

Rental income from 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.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	8,500	-

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 36 (2018 - 29).

4 Intangible fixed assets

	Development costs
	£
Cost	
At 1 April 2018	2,808,115
Additions	1,123,336
At 31 March 2019	3,931,451
Amortisation and Impairment	
At 1 April 2018	377,379
Amortisation charged for the year	642,852
At 31 March 2019	1,020,231
Carrying amount	
At 31 March 2019	2,911,220
At 31 March 2018	2,430,736

CURO COMPENSATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

5 Tangible fixed assets

	Fixtures, fittings and equipment £
Cost	
At 1 April 2018	222,649
Additions	40,944
At 31 March 2019	<u>263,593</u>
Depreciation	
At 1 April 2018	150,319
Depreciation charged in the year	30,545
At 31 March 2019	<u>180,864</u>
Carrying amount	
At 31 March 2019	<u>82,729</u>
At 31 March 2018	<u>72,330</u>

6 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	802,273	949,809
Amounts owed by group undertakings	92,224	-
Other debtors	246,597	245,018
	<u>1,141,094</u>	<u>1,194,827</u>

Amounts due from group undertakings are interest free and repayable on demand.

7 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	104,406	57,485
Taxation and social security	121,538	69,928
Other creditors	1,410,754	1,070,388
	<u>1,636,698</u>	<u>1,197,801</u>

CURO COMPENSATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

8 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Loan Notes		391,449	391,449

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.

9 Share-based payment transactions

	Number of share options	
	2019 Number	2018 Number
Outstanding at 1 April 2018	348,852	420,352
Granted	35,000	100,500
Forfeited	(150,000)	(172,000)
Outstanding at 31 March 2019	233,852	348,852
Exercisable at 31 March 2019	-	-

The weighted average fair value of the options granted during the year was £0.89 (2018 - £0.89).

All options outstanding at 31 March 2019 have an exercise price of £0.59.

During the year, the company recognised total share-based payment expenses of £31,395 (2018 - £24,453) which related to equity settled share based payment transactions.

10 Called up share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
2,443,200 Ordinary shares of 10p each	244,320	233,706
1,087,850 Ordinary A shares of 10p each	108,785	108,785
127,790 Ordinary B shares of 10p each	12,779	12,779
2,459,990 Ordinary C shares of 10p each	245,999	131,613
	611,883	486,883

All shares rank pari passu in all respects.

During the year the company issued 106,143 Ordinary shares of £0.10 for a total consideration of £127,372 and 1,143,855 Ordinary C shares of £0.10 for a total consideration of £1,372,626. Legal fees of £51,260 have been offset against share premium.

CURO COMPENSATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was David Holt.

12 Ultimate controlling party

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

13 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2019	2018
	£	£
Within one year	77,495	27,836
Between two and five years	96,816	125,947
Total	<u>174,311</u>	<u>153,783</u>