

Company Registration No. SC366382 (Scotland)

CURO COMPENSATION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
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CURO COMPENSATION LIMITED

COMPANY INFORMATION

Directors	G J O'Neill J A Redfern	(Appointed 16 August 2021)
Company number	SC366382	
Registered office	Exchange Tower 19 Canning Street Edinburgh Midlothian Scotland EH3 8EH	
Auditor	Consilium Audit Limited 169 West George Street Glasgow United Kingdom G2 2LB	
Business address	2nd Floor Playfair House 6 Broughton Street Lane Edinburgh Scotland EH1 3LY	

CURO COMPENSATION LIMITED

GROUP BALANCE SHEET

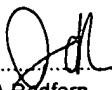
AS AT 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets	4		2,732,897		3,076,393
Tangible assets	5		54,255		73,840
			<u>2,787,152</u>		<u>3,150,233</u>
Current assets					
Debtors	8	619,646		865,368	
Cash at bank and in hand		470,272		51,354	
		<u>1,089,918</u>		<u>916,722</u>	
Creditors: amounts falling due within one year	9	<u>(2,226,559)</u>		<u>(2,383,632)</u>	
Net current liabilities			<u>(1,136,641)</u>		<u>(1,466,910)</u>
Total assets less current liabilities			<u>1,650,511</u>		<u>1,683,323</u>
Creditors: amounts falling due after more than one year	10		<u>(1,329,209)</u>		<u>(381,418)</u>
Net assets			<u>321,302</u>		<u>1,301,905</u>
Capital and reserves					
Called up share capital	14		611,883		611,883
Share premium account			7,198,430		7,198,430
Other reserves			(86,336)		(18,245)
Profit and loss reserves			<u>(7,402,675)</u>		<u>(6,490,163)</u>
Total equity			<u>321,302</u>		<u>1,301,905</u>

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

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

The financial statements were approved by the board of directors and authorised for issue on 28/3/22 and are signed on its behalf by:


 J A Redfern
 Director

CURO COMPENSATION LIMITED

COMPANY BALANCE SHEET


AS AT 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets	4	2,732,897		3,076,393	
Tangible assets	5	54,255		73,840	
Investments	6	7		7	
		<u>2,787,159</u>		<u>3,150,240</u>	
Current assets					
Debtors	8	507,355		802,668	
Cash at bank and in hand		418,524		40,573	
		<u>925,879</u>		<u>843,241</u>	
Creditors: amounts falling due within one year	9	<u>(2,598,352)</u>		<u>(2,290,594)</u>	
Net current liabilities			<u>(1,672,473)</u>		<u>(1,447,353)</u>
Total assets less current liabilities			<u>1,114,686</u>		<u>1,702,887</u>
Creditors: amounts falling due after more than one year	10		<u>(1,329,209)</u>		<u>(381,418)</u>
Net (liabilities)/assets			<u><u>(214,523)</u></u>		<u><u>1,321,469</u></u>
Capital and reserves					
Called up share capital	14	611,883		611,883	
Share premium account		7,198,430		7,198,430	
Profit and loss reserves		<u>(8,024,836)</u>		<u>(6,488,844)</u>	
Total equity			<u><u>(214,523)</u></u>		<u><u>1,321,469</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £1,535,992 (2020 - £2,140,018 loss).

These financial statements have been prepared 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 28/3/22 and are signed on its behalf by:


 J.A. Redfern
 Director

Company Registration No. SC366382

CURO COMPENSATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

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

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 £.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Curo Compensation Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.3 Going concern

In the year to 31 March 2021 the Group reported a loss of £980,603 (2020: £2,060,890). 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 2021, the Group had net assets of £321,302 (complete after tax adjustment in Curo UK) (2020: £1,301,905).

Subsequent to the year end the entire share capital of the Group has been purchased by PayScale, Inc. PayScale, Inc. have provided a letter of support to the Directors of Curo Compensation Limited that confirms that they will provide financial support to enable Curo to meet their liabilities as they fall due for a period of 12 months from the date of signing the financial statements. On this basis the Directors believe it is appropriate for these financial statements to be prepared on a going concern basis.

1.4 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 licensing 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 material, 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.

CURO COMPENSATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

1.5 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.

1.6 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.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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:

Other	12.5% and 20% straight line
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1.7 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.

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 and fittings	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 recognised in the profit and loss account.

1.8 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.

1.9 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

CURO COMPENSATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the group 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 group.

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 group'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 if, and only if, there is 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.

CURO COMPENSATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

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

1.14 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.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

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 GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 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 in the period are included in profit or loss.

2 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Total	49	53	35	36

3 Taxation

	2021 £	2020 £
Current tax		
R&D tax credits	(152,615)	(393,537)
Foreign tax	1,584	-
Total current tax	(151,031)	(393,537)

CURO COMPENSATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

4 Intangible fixed assets

Group and company	Development costs
	£
Cost	
At 1 April 2020	4,949,622
Additions	690,590
At 31 March 2021	<u>5,640,212</u>
Amortisation and impairment	
At 1 April 2020	1,873,229
Amortisation charged for the year	1,034,086
At 31 March 2021	<u>2,907,315</u>
Carrying amount	
At 31 March 2021	<u>2,732,897</u>
At 31 March 2020	<u>3,076,393</u>

5 Tangible fixed assets

Group and Company	Fixtures and fittings
	£
Cost	
At 1 April 2020	286,387
Additions	8,572
At 31 March 2021	<u>294,959</u>
Depreciation and impairment	
At 1 April 2020	212,547
Depreciation charged in the year	28,157
At 31 March 2021	<u>240,704</u>
Carrying amount	
At 31 March 2021	<u>54,255</u>
At 31 March 2020	<u>73,840</u>

CURO COMPENSATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

6 Fixed asset investments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	-	-	7	7
Movements in fixed asset investments				
Company				Shares in subsidiaries £
Cost or valuation				
At 1 April 2020 and 31 March 2021				7
Carrying amount				
At 31 March 2021				7
At 31 March 2020				7

7 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Curo Compensation Australia Limited	332/63 Spencer Street Docklands, Vic, 3008	Development and sale of compensation software	Ordinary	100.00
Curo Compensation Canada Limited	Suite 211, 65 Denzil Doyle Court, Kanata, Ontario, K2M 2GB	Development and sale of compensation software	Ordinary	100.00
Curo USA Inc	19 Cortland Drive, Hudson, MA, 01749	Development and sale of compensation software	Ordinary	100.00

8 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	281,421	484,239	219,262	425,153
Other debtors	338,225	381,129	288,093	377,515
	<u>619,646</u>	<u>865,368</u>	<u>507,355</u>	<u>802,668</u>

CURO COMPENSATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

9 Creditors: amounts falling due within one year		Group 2021 £	2020 £	Company 2021 £	2020 £
		50,000	-	50,000	-
	Bank loans	201,931	448,463	187,632	442,339
	Trade creditors	-	-	457,241	-
	Amounts owed to group undertakings	502,007	182,869	496,903	182,869
	Taxation and social security	1,472,621	1,752,300	1,406,576	1,665,386
	Other creditors	<u>2,226,559</u>	<u>2,383,632</u>	<u>2,598,352</u>	<u>2,290,594</u>
10 Creditors: amounts falling due after more than one year		Group 2021 £	2020 £	Company 2021 £	2020 £
	Notes	£	£	£	£
	Loan notes	12	1,329,209	381,418	1,329,209
			<u>381,418</u>	<u>381,418</u>	<u>381,418</u>
11 Loans and overdrafts		Group 2021 £	2020 £	Company 2021 £	2020 £
	Bank loans	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
	Payable within one year	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
12 Convertible loan notes		Group 2021 £	2020 £	Company 2021 £	2020 £
	Loan notes	<u>1,329,209</u>	<u>381,418</u>	<u>1,329,209</u>	<u>381,418</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.

CURO COMPENSATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

13 Share-based payment transactions Group and Company	Number of share options		Weighted average exercise price	
	2021 Number	2020 Number	2021 £	2020 £
Outstanding at 1 April 2020	227,852	257,852	0.59	0.89
Granted	263,000	-	0.59	-
Forfeited	(28,000)	(30,000)	0.59	0.89
Outstanding at 31 March 2021	<u>462,852</u>	<u>227,852</u>	<u>0.59</u>	<u>0.89</u>
Exercisable at 31 March 2021	-	-	-	-

The options outstanding at 31 March 2021 had an exercise price of £0.59, and a remaining contractual life of 3 years.

During the year, the company recognised total share-based payment expenses of £nil (2020 - £8,437) which relate to equity settled share-based payment transactions.

Subsequent to the year-end, all share options were cancelled on the sale of the company.

	Group 2021 £	2020 £	Company 2021 £	2020 £
Expenses recognised in the year Arising from equity settled share based payment transactions	-	8,347	-	8,347

14 Share capital	2021		2020	
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary of 10p each	2,443,200	2,443,200	244,320	244,320
Ordinary A of 10p each	1,087,850	1,087,850	108,785	108,785
Ordinary B of 10p each	127,790	127,790	12,779	12,779
Ordinary C of 10p each	2,459,990	2,459,990	245,999	245,999
	<u>6,118,830</u>	<u>6,118,830</u>	<u>611,883</u>	<u>611,883</u>

CURO COMPENSATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

15 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.
The auditor was Consilium Audit Limited.

16 Operating lease commitments

Lessee

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

Group		Company	
2021	2020	2021	2020
£	£	£	£
94,035	178,270	48,441	96,816

17 Ultimate controlling party

During the year to 31 March 2021, in the opinion of the directors, there was no ultimate controlling party.

Subsequent to the year-end, on 16th August 2021, the entire share capital of the Company was acquired by PayScale, Inc. The Company is now under the control of PayScale, Inc. The ultimate controlling parties of PayScale are Francisco Partners GP V, L.P. with 55% ownership and Insight Venture Partners, L.P. with 19% ownership. No other investors hold more than 5% individually.