

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022

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CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	A R Blazye B I Crabtree M Grafton E C Hamilton V La Ruffa M Lawler J B Rowe S Wolff
Company secretary	Norose Company Secretarial Services Limited
Company number	13216614
Registered office	107 Cheapside London EC2V 6DN
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their Strategic Report for ClearCourse Partnership Holdings Limited ("the Company") and its subsidiary undertakings (together referred to as "the Group") for the year ended 31 December 2022.

Principal activities

The Company operates as a holding company with a mission to acquire primarily UK-based industry and sector specific software companies and drive increased growth and profitability through embedded payments, enhanced go-to-market capabilities, capital investment and operational support. The principal activity of the Group is the provision of software solutions and services to clients in the membership, business services, events and leisure, retail and hospitality, and payment solutions sectors.

The subsidiary undertakings of the Company are set out in the note 18 to the financial statements.

Review of the business

The results for the year and the financial position are set out in the financial statements on pages 13 to 49.

The Group was formed by Aquiline Capital Partners LLC ('Aquiline') and management to pursue an acquisitive roll-up strategy in the UK's vertically integrated software and payment sectors. The mission of the business is to help our customers build great businesses with our industry specific software and embedded payments solutions.

During 2022, ClearCourse continued to develop its integrated payments platform providing regulated services allowing the business to provide its customers across the portfolio with an embedded payments solution.

On 19 January 2023, the Group acquired Clearwater Consultancy Limited ("Clear"), a company focusing on market-leading software solutions for the non-profit and transport sectors, for an initial consideration of £2.7m.

Since the end of the year, the Group has drawn down a further £12.3m from its facility in order to fund its acquisition of Clearwater Consultancy Limited as well as to fund the Group's contingent consideration liabilities relating to previous acquisitions as well as general corporate purposes. On 9 May 2023 the Group raised an additional £10m of equity from Aquiline and a number of its existing A1 class shareholders. This additional equity will allow the Company to continue on its growth journey.

Key performance indicators

Management uses a number of key performance indicators to measure the Group's financial and non-financial performance. These include, but are not limited to, growth in revenue per annum, recurring revenues as a percentage of all revenues and Adjusted EBITDA. Adjusted EBITDA reflects earning before interest, tax and depreciation and is also adjusted to exclude any one time investment where benefit is expected to materialise over the longer term, acquisition costs and other one-off costs.

Performance review

The Group recorded £73.9m (2021: £60.9m) of revenue, an increase of 21% year on year, and an Adjusted EBITDA loss of £0.6m (2021: profit £2.6m). The reduction in Adjusted EBITDA reflects a decline in profitability in our Membership Services division and an increase in the cost of central support functions as we build out the foundations for future growth.

On a proforma unaudited basis, including the results of the 2022 acquisitions, the total portfolio's revenue decreased by 0.5% from £83.2m (2021) to £82.8m (2022) and adjusted EBITDA, after excluding one-off acquisition-related costs and any other one-off costs, decreased by 81% from a profit of £9.6m (2021) to a profit £1.8m (2022) as a result of a decline in Clearcourse Membership Services division profitability and increased investment in the structure of the Group, new products and sales and marketing.

Actual recurring revenues, on a proforma unaudited basis, increased as a proportion of total revenue from 63% (2021) to 69% (2022) and also in total by £4.8m to £57.3m.

Principal risks and uncertainties

Funding risk

The Group secured a £200m external credit facility in July 2022. The facility is available to July 2028 and carries a bullet repayment structure. As at 31 December 2022 £138.3m of that facility had been drawn down, with a further £61.7m remaining. The amount available for drawdown as at 26 May 2023 was £49.4m. The funding of future acquisitions will be considered on a case by case basis.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties (continued)

Interest rate risk

The Group has exposure to increasing interest rates as its debt is tied to SONIA movements. Hedging against the interest rate risk was investigated and management concluded the costs would potentially outweigh the benefits. Several long term interest projections also point to a drop in inflation over the medium term which should lead to a reduction in SONIA, thereby reducing the impact of the interest rate exposure.

Innovation risk

The technology is subject to rapid, and often unpredictable change. As a result of inappropriate technology product and marketing choices or a failure to adopt and develop new technologies quickly enough, the Group's products and services might become unattractive to its customer base or new market opportunities may be missed. The Group actively monitors technology and market developments and invests to keep its existing products, services and sales methods up-to-date, as well as seeking out new opportunities.

Competitive risk

The Group operates in a number of diverse competitive markets and success in these markets depends on a variety of factors. To maintain its success the Group undertakes continuous development of its products and by acquiring similar companies across the vertical markets, the Group is able to leverage its breadth of capabilities and enhance cross-selling opportunities.

Transformation risk

Issues in implementing major programs such as the finance transformation project, could lead to business disruption and loss of intended economic benefits. Steering committees are established for all major programs with regular reporting and oversight. Specialists in transformation projects are engaged to ensure the Group's objectives for the projects are met. The Directors are kept apprised of the current status of transformation projects on a regular and ongoing basis.

People (Operational risk)

The Group's business depends on highly skilled employees. Failing to recruit and retain such employees could impact on the Group's ability to deliver contractual commitments. The Group seeks to be an attractive employer and regularly monitors the engagement of its employees. The Group has implemented talent management and plans to launch career planning programmes in the near future.

Credit risk

The risk of financial loss to the Group if a customer fails to meet its contractual obligations and arises principally from the Group's receivables from customers. New customers are assessed for credit worthiness when they first trade with the Group. Customer receivables are monitored closely and reports are provided to management on a regular basis and there is continuous engagement with customers to ensure debts are paid promptly.

Future Outlook

Focus on continuous growth

The Group's strategy for 2023 and beyond is to deliver both organic and inorganic growth. Organic growth will be focused on the continued adoption of our payments technology and enhancing our existing software platforms to drive even better value to customers. Inorganic growth will be delivered through a continuation of the Group's acquisition strategy which focuses on buying great software businesses with a opportunity to provide an full end to end solution for the customer through embedding the Group's leading payments platform.

The Group will continue to drive growth opportunities. In 2023 the business expects to continue to grow organic and inorganic revenue whilst continuing to invest in projects to ensure the Group is structured to scale for growth and also to identify opportunities to improve profit margins.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Future Outlook (continued)

Focus on structural & operational improvements

The management team has identified and is committed to continue to develop the Group's internal infrastructure including:

- Embed a divisional structure based upon market verticals which will simplify the Group structure, reduce duplication and provide opportunities to rationalise costs.
- Continue to invest in product development to drive growth in existing and new verticals
- Invest in sales and marketing activities to unlock the potential of existing products and services
- Improve its financial and management reporting across its portfolio, systemising processes, driving overall accuracy and efficiency in reporting
- Roll out standard master service agreements, contracts and centralised insurance policies across the Group, with central legal counsel available to manage the IP and trademark portfolio.

Signed on behalf of the board of Directors by:

E Christina Hamilton

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E C Hamilton

Director

30/05/2023

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CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their Report and the financial statements of the Group for the year ended 31 December 2022.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

A R Blazye	
B I Crabtree	(appointed 1 March 2023)
M Grafton	(appointed 20 February 2023)
G J Gualtieri	(resigned 31 March 2023)
E C Hamilton	(appointed 16 January 2023)
V La Ruffa	(appointed 26 April 2023)
M Lawler	
J G Pappalardo	(appointed 1 March 2023 and resigned 26 April 2023)
J B Rowe	
N A Seibert	(resigned 1 March 2023)
J Tiverton-Brown	(resigned 31 December 2022)
I L G Van Waesberghe	(resigned 8 February 2022)
S Wolff	

Results and dividends

The Group's loss for the year after taxation was £48,274,000 (2021: £22,150,000).

During the year, no dividends were paid (2021: £Nil). Subsequent to the year end, the Directors did not recommend the payment of any dividends (2021: £Nil).

Going concern

The Group has been equity funded by Aquiline and has used third party debt in order to finance its acquisitions.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of the approval of these financial statements, which indicate in both its base case and downside case scenarios the Group through a combination of existing cash balances and future equity investment which Aquiline has confirmed they will provide sufficient funds to meet its liabilities as they fall due.

Based on these forecasts and action plans, the Directors consider that the trade carried on by the Group is a going concern.

Subsequent events

On 19 January 2023, the Group acquired Clearwater Consultancy Limited ("Clear"), a company focusing on market-leading software solutions for the non-profit and transport sectors, for an initial consideration of £2.7m.

Since the end of the year, the Group has drawn down a further £12.3m from its facility with new lender in order to fund its acquisition of Clear as well as the Group's contingent consideration liabilities.

On 9 May 2023, the Group raised £10m of equity from Aquiline and some of its existing A1 shareholders

On 22 December 2022, the Company set up the ClearCourse Employee Benefit Trust for the purpose of establishing an employees' share scheme as defined by section 1166 of the Companies Act 2006. At the year-end, the only transaction was £10 transferred by the Company to the Trust. Since the end of the year, £2.2m has been transferred to the Trust in order to fund the acquisition of shares owned by G J Gualtieri. £0.9m is owed to J.T.Brown upon the acquisition of shares owned by him.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Contingent liabilities

The Group issued legal proceedings against the former owners of E-Novations (London) Limited for deceit and breach of warranty, arising from, it is alleged, false representations and warranties made by the former owners. The Group seeks recovery of the acquisition price and associated costs, valued at over £4m in aggregate. Separately, E-Novations seeks recovery of an unpaid former Directors' loan of £200k. In addition, the Group successfully secured an injunction preventing the threatened disclosure of confidential information and personal data. The Group successfully applied for the strike-out of all counter-claims made by the former owners. There are, therefore, no active claims being made against the Group.

Auditors

The auditor, RSM UK Audit LLP, Chartered Accountants, have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement of disclosure to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

Information contained within the strategic report

In accordance with section 414C(11) of the Companies Act 2006, information in relation to the fair review of the business, future developments, financial instruments and risk management policies of the Company, as required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, have been included in the separate Strategic Report.

Director's statement on Section 172

During the financial year, the Directors have considered the needs of the Group's stakeholders as part of their decision-making process and as a result have updated our mission statement.

Customers

Customers are central to the business and the Group aims to deliver software in an efficient and continuously improving way to meet customer's needs.

Suppliers

Building good relationships with suppliers enables the Group to obtain value for money, high quality and good services. An important part of our culture is the promotion of high legal, ethical, environment and employee-related standards within our business and among our suppliers. Anti-Bribery policy must be adhered to by all the employees when dealing with suppliers.

Shareholders

Delivering for the Group's shareholders ensures that the business continues to be successful in the long term and can therefore continue to deliver for all our stakeholders. Engagement between the management team of the Group and its shareholders occurs through Board meetings and ongoing reporting and feedback.

Our mission

We help our customers build great businesses with our industry specific software and embedded payment solutions.

Attracting and retaining talented people

We now have over 1,000 employees, and every time we add a new organisation to the business we strengthen our talent, experience, knowledge and skills working better together with our customers, partners and each other.

We are exceptionally proud of the deep and focused knowledge and experience we have within our Group, and our people are the driving force behind everything that we do.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Director's statement on Section 172 (continued)

Empathy and recognition

We will continue to build empathy throughout the organisation, for each other, our customers, suppliers, partners and all those who interact with our brand. We provide our customers with market-leading brilliant business technology and software and we are able to do that thanks to our brilliant ClearCourse people.

ClearCourse industry-specific expertise

To give our customers the best solutions and service, we operate as focused business units within our vertical divisional structure. The teams within those business units work together, with each other and throughout the organisation.

Celebrated Diversity

We have a vast array of people doing extraordinary things at work and delivering equally impressive achievements in their lives outside of work. We champion and celebrate diversity and everyone is welcomed at ClearCourse.

Working better together, we aim for excellence and delivering the best possible solutions and services. We have processes and structures that ensure we're regularly checking in and continually improving, learning from experience and applying that knowledge.

Learning and development

At ClearCourse, we firmly believe in continually learning and creating an environment where individuals can grow their careers and develop their skills, and we invest in learning and development initiatives for a variety of our teams.

We are proud to have launched our ClearCourse Leadership Development programme across the Group. In addition we have rolled out sales training, supported apprenticeships and trained colleagues in health and safety, first aid and mental health first aid.

We have a number of initiatives in the pipeline that will build on the engagement of our teams and their impact on the wider community.

ClearCourse has officially been named one of the UK's Best Workplaces™ for Wellbeing (2023) by Great Place to Work®, the global authority on workplace culture. UK's Best Workplaces™ for Wellbeing list showcases the leading organisations providing cultures conducive to outstanding psychological, physical and social well-being.

Environmental Green House Gas Emissions

The Group is continually looking to act in an energy efficient manner with due consideration given to options which minimise energy utilisation.

The principal energy efficiency action taken by the Group was to reduce the number of office spaces under management. As a result of this action, the intensity measurement ratio decreased from 1.42 to 0.34.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Environmental Green House Gas Emissions (continued)

We report carbon dioxide emissions from our buildings and employees' fuel use for business travel. The methodology used for determining energy and carbon emissions comes from a number of sources of GHG emissions:

- Natural gas and heating oil used for building space heating (Scope 1)
- Electricity used for lighting, heating, ventilation and air conditioning (HVAC), and the operation of office equipment (Scope 2)
- The use of vehicles for business travel – company vehicles (Scope 1) and personal vehicles (grey fleet) (Scope 3)

The energy consumption has been calculated from the floor area of the occupied office, warehouse and storage space. The type of energy supplied to those offices was determined from the Energy Performance Certificates (EPC) for those offices, where available. The relevant energy benchmarks published by the Department for Business Energy and Industrial Strategy were used to calculate the energy consumption.

The Group meets its transport requirements, by operating a mix of Company cars and grey fleet vehicles. Mileage estimates were based on the type of business, the size of the sales and management staff and whether the business was involved in hardware and software installation. The mileage figures were used to convert into carbon dioxide equivalent emissions and energy expressed in kWh.

Greenhouse gas emissions have been calculated using the UK Government approved and published conversion factors for Company reporting, 2022.

	Units	Year ended 31 December 2022	Year ended 31 December 2021
Emissions from Combustion Gases & Oil (scope 1)	tCO2e	24.7	52.2
Emissions from purchased Electricity (scope 2)	tCO2e	226.2	183.2
Emissions from combustion of fuel for transport purposes (scope 1 & 3)	tCO2e	40.2	31.5
Total gross emissions	tCO2e	291.1	266.9
Energy consumption used to calculate above emissions	kWh	1,425,537	1,267,904
Average number of employees		836	643
Intensity measurement ratio		0.34	0.42

Signed on behalf of the board of Directors by:

E Christina Hamilton

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E C Hamilton
Director

30/05/2023
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CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the 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 Group and the Company and of the profit or loss of the Group for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

Opinion

We have audited the financial statements of ClearCourse Partnership Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our Report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 group's or the parent 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.

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

Other information

The other information comprises the information included in the annual Report, other than the financial statements and our auditor's Report thereon. The Directors are responsible for the other information contained within the annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED (CONTINUED)

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and assessing accounting policies for compliance with the reporting framework.

The most significant laws and regulations that have an indirect impact on the financial statements are General Data Protection Regulation (GDPR). We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with this regulation, reviewed correspondence with regulators and legal expenditure for evidence of unrecorded disputes or breaches, and reviewed the policies and controls put in place by those charged with governance to mitigate the risk of non-compliance.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, sample testing sales to supporting documentation and testing a sample of transactions around the the year end to assess whether they were recognized in the correct accounting period.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's Report.

Use of our report

This Report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this Report, or for the opinions we have formed.

RSM UK Audit LLP

Mark Nisbett (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

30/05/2023

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Date

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£'000	As restated £'000
Turnover	5	73,921	60,895
Cost of sales		(33,935)	(24,396)
Gross profit		39,986	36,499
Administrative expenses		(89,376)	(58,172)
Other operating income	6	1,789	106
Operating loss	10	(47,601)	(21,567)
Interest receivable and similar income	11	2	2
Interest payable and similar charges	12	(9,478)	(3,196)
Loss before taxation		(57,077)	(24,761)
Taxation	13	8,803	2,611
Loss for the year		(48,274)	(22,150)
Other comprehensive expense:			
Currency translation differences		(30)	15
Total comprehensive loss for the year		(48,304)	(22,135)
Loss for the year attributable to:			
Owners of the parent		(44,559)	(22,170)
Non-controlling interest		(3,715)	20
		(48,274)	(22,150)
Total comprehensive loss for the year attributable to:			
Owners of the parent		(44,589)	(22,155)
Non-controlling interest		(3,715)	20
		(48,304)	(22,135)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		2022	2021
	Notes	£'000	As restated £'000
Fixed assets			
Goodwill	14	95,907	76,792
Other intangible assets	15	78,794	60,436
Tangible fixed assets	17	2,329	2,158
		<u>177,030</u>	<u>139,386</u>
Current assets			
Debtors due within one year	19	16,549	18,352
Cash at bank and in hand	20	11,775	10,426
		<u>28,324</u>	<u>28,778</u>
Creditors: amounts falling due within one year	21	(35,849)	(42,386)
Net current liabilities		<u>(7,525)</u>	<u>(13,608)</u>
Total assets less current liabilities		<u>169,505</u>	<u>125,778</u>
Creditors: amounts falling due after one year	22	(143,991)	(53,278)
Provisions for liabilities	25	(7,002)	(9,194)
Net assets		<u>18,512</u>	<u>63,306</u>
Capital and reserves			
Share capital	27	1,722	1,707
Share premium	28	96,935	96,233
Profit and loss reserve	28	(86,387)	(41,803)
Total attributable to owners of the parent		<u>12,270</u>	<u>56,137</u>
Non-controlling interests		6,242	7,169
Total equity		<u>18,512</u>	<u>63,306</u>

The financial statements on pages 13 to 49 were approved by the board of Directors and authorised for issue on 30.May.2023..... and are signed on its behalf by:

Mark Grafton

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M D Grafton
Director

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		2022	2021
	Notes	£'000	As restated £'000
Fixed assets			
Fixed asset investments	18	150,400	149,633
Current assets			
Debtors due within one year	19	3,147	1,178
Cash at bank and in hand	20	12	-
		<u>3,159</u>	<u>1,178</u>
Creditors: amounts falling due within one year	21	(8,210)	(2,402)
Net current liabilities		<u>(5,051)</u>	<u>(1,224)</u>
Total assets less current liabilities		<u>145,349</u>	<u>148,409</u>
Net assets		<u>145,349</u>	<u>148,409</u>
Capital and reserves			
Share capital	27	1,722	1,707
Share premium	28	96,935	96,233
Merger reserve	28	52,460	52,460
Profit and loss reserve	28	(5,768)	(1,991)
Total equity		<u>145,349</u>	<u>148,409</u>

As permitted by section 408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's loss and total comprehensive expense for the financial year was £3,782,000 (10 month period ending 2021: loss of £1,273,000).

The financial statements on pages 13 to 49 were approved by the board of Directors and authorised for issue on 30 May 2023..... and are signed on its behalf by:

Mark Grafton

.....
M D Grafton
Director

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £'000	Share premium £'000	Profit and loss reserve £'000	Total equity attributable to owners of the parent £'000	Non- controlling interest £'000	Total equity £'000
Balance at 1 January 2021	1,189	68,751	(21,982)	47,958	5,549	53,507
Effect of prior period adjustment	-	-	1,849	1,849	-	1,849
As restated	<u>1,189</u>	<u>68,751</u>	<u>(20,133)</u>	<u>49,807</u>	<u>5,549</u>	<u>55,356</u>
Loss for the year (as restated)	-	-	(22,170)	(22,170)	20	(22,150)
Other comprehensive expense: Currency translation differences	-	-	15	15	-	15
Total comprehensive loss for the year (as restated)	<u>-</u>	<u>-</u>	<u>(22,155)</u>	<u>(22,155)</u>	<u>20</u>	<u>(22,135)</u>
Transactions with owners:						
Issue of ordinary shares	414	23,586	-	24,000	-	24,000
Capital contributions	104	3,896	-	4,000	1,600	5,600
Share-based payments expense	-	-	485	485	-	485
Balance at 31 December 2021	<u>1,707</u>	<u>96,233</u>	<u>(41,803)</u>	<u>56,137</u>	<u>7,169</u>	<u>63,306</u>
Loss for the year	-	-	(44,559)	(44,559)	(3,715)	(48,274)
Other comprehensive expense: Currency translation differences	-	-	(30)	(30)	-	(30)
Total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(44,589)</u>	<u>(44,589)</u>	<u>(3,715)</u>	<u>(48,304)</u>
Transactions with owners:						
Issue of ordinary shares	15	702	-	717	-	717
Capital contributions	-	-	-	-	2,788	2,788
Share-based payment expense	-	-	390	390	-	390
Settlement of share-based payments	-	-	(385)	(385)	-	(385)
Balance at 31 December 2022	<u>1,722</u>	<u>96,935</u>	<u>(86,387)</u>	<u>12,270</u>	<u>6,242</u>	<u>18,512</u>

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £'000	Share premium £'000	Merger reserve £'000	Profit and loss reserve £'000	Total equity £'000
Balance at 22 February 2021	-	-	-	-	-
Loss for the period	-	-	-	(1,273)	(1,273)
Total comprehensive loss for the period	-	-	-	(1,273)	(1,273)
Transactions with owners:					
Issue of ordinary shares	1,707	96,233	-	-	97,940
Group reconstruction	-	-	52,460	-	52,460
Share-based payment expense	-	-	-	485	485
Balance at 31 December 2021	1,707	96,233	52,460	(788)	149,612
Effect of prior period adjustment	-	-	-	(1,203)	(1,203)
As restated	1,707	96,233	52,460	(1,991)	148,409
Loss for the year	-	-	-	(3,782)	(3,782)
Total comprehensive loss for the year	-	-	-	(3,782)	(3,782)
Transactions with owners:					
Issue of ordinary shares	15	702	-	-	717
Share-based payment expense	-	-	-	390	390
Settlement of share-based payments	-	-	-	(385)	(385)
Balance at 31 December 2022	1,722	96,935	52,460	(5,768)	145,349

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities:			
Cash generated from/(used) in operations	30	(10,529)	(6,174)
Income taxes repaid/(paid)		(1,454)	(328)
Net cash inflow/(outflow) from operating activities		(11,983)	(6,502)
Investing activities:			
Acquisition of subsidiaries (net of cash acquired)		(44,589)	(35,216)
Payment of contingent consideration		(15,138)	(4,045)
Purchase of intangible fixed assets	15	(2,882)	(1,385)
Proceeds on disposal of tangible fixed assets		12	214
Purchase of tangible fixed assets	17	(983)	(469)
Interest received		2	2
Net cash used in investing activities		(63,578)	(40,899)
Financing activities:			
Payment of finance lease obligations		-	(55)
Interest paid		(1,990)	(1,637)
Proceeds from issue of shares		-	28,000
Proceeds from loans from related parties	23	18,226	-
Repayment of loans from related parties	23	(18,694)	(27,112)
Proceeds of loans	23	142,761	50,217
Repayment of loans	23	(58,518)	-
Payment of borrowing fees	23	(5,383)	(3,015)
Capital contributions from non-controlling interest		538	-
Net cash generated from financing activities		76,940	46,398
Net increase/(decrease) in cash and cash equivalents		1,379	(1,003)
Cash and cash equivalents at beginning of the year		10,426	11,414
Effect of foreign exchange rates		(30)	15
Cash and cash equivalents at end of the year		11,775	10,426
Relating to:			
Cash at bank and in hand		11,775	10,426

Included within cash at bank and in hand is £3,192,000 (2021: £3,719,000) of restricted cash. Restricted cash is money received from third parties which is payable, after deducting commission, to clients.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. Company information

ClearCourse Partnership Holdings Limited ("the Company") is a private limited company registered in England and Wales. The registered office and principal place of business is 107 Cheapside, London, EC2V 6DN. The Group consists of the Company and all of its subsidiaries as set out in note 18.

The Company operates as a holding company with a mission to acquire primarily UK-based industry- and sector-specific software companies and drive increased growth and profitability through embedded payments, enhanced go-to-market capabilities, capital investment and operational support. The principal activity of the Group is the provision of software solutions and services to clients in the membership, business services, events and leisure, retail and hospitality, and payment solutions sectors.

2. Accounting policies

Accounting convention

These financial statements have been prepared under historical cost convention in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in Sterling, which is the functional currency of the Company and of its Group. Monetary amounts in these financial statements are rounded to the nearest £1,000.

Reduced disclosures

ClearCourse Partnership Holdings Limited as an individual company has taken advantage of the exemption from disclosing the following information in its individual company accounts, as permitted by the reduced disclosure regime within FRS 102:

- Section 7 "Statement of Cash Flows" - Presentation of a Statement of Cash Flows and related notes and disclosures;
- Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instrument Issues" - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 "Related Party Disclosures" - Compensation for key management personnel

Reporting period

The prior period was the first accounting period and the financial statements for the Company represented the 10 month period from incorporation on 22 February 2021 to 31 December 2021. The prior period was shortened in order to align the period end with the other Group companies. The 2022 accounts for the Company are the first to be drawn up for a full 12 months and therefore the two results are not comparable.

The reporting period of all the subsidiary undertakings of the Group and the Consolidated financial statements is for the year to 31 December 2022. The previous financial period for the Consolidated financial statements was for the year to 31 December 2021.

The financial statements have been prepared under merger accounting and the Group financial statements are presented as if the Company and the subsidiary undertakings had always been combined.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

Going concern

At the balance sheet date, the Group has net assets of £18,512,000 (2021: £63,306,000), net current liabilities of £7,525,000 (2021: £13,608,000) and cash at bank and in hand of £11,775,000 (2021: £10,426,000).

The Directors have reviewed the current financial position of the Group, and have prepared cash flow forecasts for a period of 12 months from the date of the approval of these financial statements. The forecasts indicate that the Group through a combination of existing cash balances and future equity investment (which Aquiline has confirmed they will provide if required), will have sufficient funds to meet its liabilities as they fall due and therefore the Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate those of ClearCourse Partnership Holdings Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

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.

Corporate reconstruction and merger accounting

When a corporate reconstruction has taken place, consolidated financial statements are prepared that combine the results and cash flows of all the combining entities as if they had been combined throughout the current and comparative accounting period. The carrying values of the assets and liabilities of the parties to the combination are not adjusted to fair value.

Where necessary, adjustments are made in order to achieve uniformity of accounting policies in the combining entities.

Company statement of comprehensive income

As permitted by s408 Companies Act 2006, no separate profit and loss account of the Company is presented as it prepares Group accounts and the Company's individual statement of financial position shows the Company's profit and loss for the financial period. The Company's loss and total comprehensive expense for the financial year was £3,782,000 (10 month period ended 31 December 2021: loss of £1,273,000).

Turnover

In accordance with Section 23 of FRS 102, the Group measures revenue at the fair value of the consideration received or receivable. The fair value of the consideration received or receivable takes into account the amount of any trade discounts, prompt settlement discounts and volume rebates. The Group includes in revenue only the gross inflows of economic benefits received and receivable on its own account and exclude from revenue all amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes.

In an agency relationship, the Group (as agent) includes in revenue only the amount of its commission. The amounts collected on behalf of the principal are not revenue of the Group.

The Group applies the revenue recognition criteria separately to each separately identifiable component of the transactions that it enters into when and as necessary to reflect the substance of the transaction.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

Recognition of revenue

The Group operates a number of diverse businesses and accordingly applies a variety of methods for revenue recognition, based on the principles set out in section 23 of FRS102.

a) Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, the Group recognises revenue associated with the transaction by reference to the stage of completion of the transaction at the end of the year (sometimes referred to as the percentage of completion method). The outcome of a transaction can be estimated reliably when all the following conditions are satisfied: (a) the amount of revenue can be measured reliably; (b) it is probable that the economic benefits associated with the transaction will flow to the entity; (c) the stage of completion of the transaction at the end of the year can be measured reliably; and (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

- **Licensing and hosting revenue** – Entities whose primary objective is the provision of cloud-based software solutions under the SaaS model (Software as a Service) recognise revenue on a straight-line basis over the licensing period.
- **Maintenance and support revenue** – Maintenance and support revenue is recognised on a straight-line basis over the period of the maintenance and support contract.
- **Professional services revenue (installation services and consulting)** – Professional services are distinguishable from licensing revenue, in part due to existence of a standalone selling prices, and revenue is recognised over the professional services project period*. When services are performed by an indeterminate number of acts over a specified period of time, the Group recognises revenue on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other act, the entity postpones recognition of revenue until the significant act is executed.

* The Group determines the stage of completion of a transaction or contract using the method that measures most reliably the work performed. When determining the stage of completion the Group considers the proportion of costs incurred for work performed to date over the estimated total costs, or the completion of a proportion of the service contract, as appropriate. Progress payments and advances received from customers often do not reflect the work performed.
- **Professional services revenue (event and subscription services)** – Revenue related to the provision of technology 'data gathering' services at an event is recognised over the event preparation period on the basis of the time and cost incurred up to and during the event itself, and revenue related to the provision subscription services is recognised over relevant subscription period.
- **Transactional services revenue** – For 'transactional arrangements' revenue is recognised in line with the number of processed transactions or clicks. Each transaction or click is assigned a value and revenue is recognised accordingly. For 'unlimited packs' and in circumstances where packs are not fully utilised revenue is recognised evenly over the service utilisation period, which is estimated based on historical transactions and clicks.
- **Managed services** - This is a fixed monthly fee for additional development and continuous improvements of systems as well as general support and revenue is recognised on a monthly basis in line with the period over which the service is provided.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, the Group recognises revenue only to the extent of the expenses recognised that it is probable will be recovered.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

b) Sale of goods

The Group recognises revenue from the sale of goods when all the following conditions are satisfied: (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (c) the amount of revenue can be measured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

c) Rental income

Rental income is recognised over the rental period on a straight-line basis.

Interest income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the period. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

Goodwill

Goodwill that arises on acquisitions represents the excess of the fair value of the consideration and associated costs over the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and is then amortised on a straight line basis over its expected useful economic life, which is ten years. Provision is made for any impairment in value.

Other intangible assets

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets arising on a business combination are recognised separately from goodwill if the intangible is both separable and arises from legal or contractual rights. The Group has elected to recognise non-contractual customer relationships separately from goodwill. All other intangible assets that either arise from legal or contractual rights, or are separable, are presented within goodwill.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

Other intangible assets (continued)

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:

Customer relations	over 3 to 10 years
Information technology	over 5 to 7 years
Order book	over 2 years
Other intangibles	over 3 to 10 years
Brands	over 10 years

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

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 provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight-line basis over its expected useful life, as follows:

Leasehold property	over the period of the lease term
Computer equipment	over 1 to 4 years
Fixtures, fittings and office equipment	over 3 to 5 years
Motor vehicles	over 4 to 5 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Excluding against goodwill, recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Fixed asset investments

In the separate financial statements of the Company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

Leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight-line basis over the lease term. Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

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, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments 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.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Government grants

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

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

Share-based payments

The Group has issued incentive units in the period to certain employees.

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 Monte Carlo model. The fair value determined at the grant date is expensed on a straight-line basis over the expected 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 (the "original fair value") and under the modified terms and conditions (the "modified fair value") 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.

3. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

3. Critical accounting estimates and areas of judgement (continued)

Revenue recognition

Significant estimation and judgement is applied when determining the amounts of turnover and assets recognised based on contracted obligations and the progress through the contract. Each contract is analysed separately to identify the performance obligations and judgements made as to whether, for example, goods and services should be combined. Judgement is also required to allocate the transaction price to each performance obligation based on the standalone selling price. Revenue is then spread appropriately across the correct periods for different elements of the contract. Consideration is given to any potential additional costs and provisions made accordingly.

Contingent consideration

The valuations of contingent consideration in business combinations are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year.

Goodwill and other intangible assets

The calculation of goodwill, split of intangible assets, and their useful economic life are inherently based on estimates and judgements at the date of acquisition. Goodwill and intangible assets are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill or intangible assets have been impaired. In order to determine if the value of goodwill or intangible assets have been impaired, the cash-generating unit to which goodwill or intangible assets have been allocated must be valued using present value techniques. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill or intangible assets.

Deferred taxation

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

Provision for doubtful debts

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. The level of provision recognised is an area of judgement by management.

Useful economic life of intangibles

The useful economic life of intangible assets is determined by the period over which the asset is expected to be available for use. Other intangibles have a life which is determined by the expected usage of the asset by the Group. Intangibles acquired at acquisition have useful lives which are assessed by reference to: the typical life cycle of the product; comparison with published information on useful lives of similar assets; technological obsolescence; the stability of the industry in which the asset operates; and expected action from competitors.

Recoverability of investments

Each year, the Group carries out tests to ensure that the carrying value of investments is recoverable. The tests involve calculations of the value in use of the investments using estimates of future cash flows including long-term revenue growth rates and an appropriate discount rate to be applied to future cash flows.

Dilapidations provision

The Group has provided for the expected liability existing with respect of land and buildings held under a lease by way of a dilapidations provision (see note 25). The liability represents the expected costs associated with bringing the relevant property into an acceptable state agreed by both parties at the conclusion of the lease. This is reviewed annually by the Directors and will be adjusted annually should estimated costs materially change. The provision at 31 December 2022 was £204,000 (2021: £204,000).

Treatment of debt as a basic financial instrument

Management have considered the recognition criteria of FRS 102 Section 11 in respect of the amounts drawn down against the loan facility and concluded that it is appropriate to be treated as a basic financial instrument.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4. Prior period adjustment

Group

Section 29 Paragraph 7 of FRS 102 states that "Unrelieved tax losses and other deferred tax assets shall be 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". Considering recent interpretations, following the Financial Reporting Council's Thematic review in September 2022, the prior year comparatives have been restated to recognise a deferred tax asset of £4,435,000 in respect of previously unrecognised tax losses within the Group. Management have determined that there were sufficient deferred tax liabilities recognised in respect of taxable temporary differences on acquired intangible assets against which these deferred tax assets will be recovered. The impact of the adjustment on each financial statement line item is included below:

Changes to the statement of financial position – Group

	As previously reported £'000	Adjustment at 1 Jan 2021 £'000	Adjustment at 31 Dec 2021 £'000	As restated £'000
Provisions for liabilities				
Deferred tax liabilities	(13,425)	1,849	2,586	(8,990)
Net assets	<u>58,871</u>	<u>1,849</u>	<u>2,586</u>	<u>63,306</u>
Capital and reserves				
Profit and loss reserve	(45,910)	1,849	2,258	(41,803)
Non-controlling interests	6,841	-	328	7,169
Total equity	<u>58,871</u>	<u>1,849</u>	<u>2,586</u>	<u>63,306</u>

Changes to the statement of comprehensive income – Group

	As previously reported £'000	Adjustment £'000	As restated £'000
Year ended 31 December 2021			
Taxation	25	2,586	2,611
Loss for the year	<u>(24,736)</u>	<u>2,586</u>	<u>(22,150)</u>
Loss for the year attributable to:			
Owners of the parent	(24,428)	2,258	(22,170)
Non-controlling interest	(308)	328	20
	<u>(24,736)</u>	<u>2,586</u>	<u>(22,150)</u>

There was no impact to consolidated statement of cash flows because of the adjustment.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4. Prior period adjustment (continued)

Company

During the prior period an adjustment should have been recognised to liquidate any balances owed from the previous parent of the Group, ClearCourse Partnership LLP. As at 31 December 2021, Group receivables of £1,203,000 were still recognised, where this balance should have been liquidated as part of the merger. A prior period adjustment has been included in order to remove this receivable. This adjustment has no impact on the Consolidated financial information.

The effect of this on the previous period is set out below:

Changes to the statement of financial position – Company

	As previously reported £'000	Adjustment at 1 Jan 2021 £'000	Adjustment at 31 Dec 2021 £'000	As restated £'000
Current assets				
Debtors due within one year	2,381	-	(1,203)	1,178
Net assets	149,612	-	(1,203)	148,409
Capital and reserves				
Profit and loss reserve	52,460	-	(1,203)	51,257
Total equity	149,612	-	(1,203)	148,409

5. Turnover

The Group's turnover is wholly derived from its principal activities undertaken predominantly within the United Kingdom. Overseas turnover amounted to £1,331,000 (2021: £739,000).

An analysis of the Group's turnover by class of business is as follows:

	2022 £'000	2021 £'000
Class of business		
Professional services – installation services and consulting	15,547	18,076
Licensing	22,338	13,510
Maintenance and support	8,183	7,600
Managed services	4,103	4,157
Transactional services	13,057	7,732
Hosting	3,218	3,401
Professional services - events	3,018	1,473
Hardware sales	2,525	2,614
Other	1,932	2,332
	<u>73,921</u>	<u>60,895</u>

6. Other operating income

	2022 £'000	2021 £'000
Government grants	-	106
Research and development expenditure credit	1,789	-
	<u>1,789</u>	<u>106</u>

Government grants of £Nil (2021: £106,000) were received during the year in relation to COVID-19 support.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7. Staff costs

The average monthly number of persons (excluding Directors) employed by the Group during the year was:	2022 No.	2021 No.
Client service staff	493	452
Administration	343	191
	<u>836</u>	<u>643</u>
Staff costs for the above persons:	£'000	£'000
Wages and salaries	42,862	31,160
Social security costs	4,924	3,192
Pension costs	1,650	1,115
Share-based payment charge	390	485
	<u>49,826</u>	<u>35,952</u>

8. Directors' remuneration

Group	2022 £'000	2021 £'000
Remuneration for qualifying services	1,420	1,685
Company pension contributions to defined contribution schemes	11	30
	<u>1,431</u>	<u>1,715</u>

Remuneration disclosed above includes the following amounts paid to the highest paid Director:

	2022 £'000	2021 £'000
Remuneration for qualifying services	455	544

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021: 3).

During the year, there was £50,000 (2021: £Nil) paid to a director for loss of office. An agreement was made by the company to buy his outstanding shares for £835,000. At the year end, £835,000 (2021: £Nil) is outstanding on this balance, and is included in accruals. During the year, an agreement was made by the company to buy certain shares of another Director for £2,200,000. At the year end, £2,200,000 (2021: £Nil) is outstanding on this balance, and is included in accruals.

9. Share-based payment transactions

Shares were issued to senior management on the restructure of the business from ClearCourse Partnership LLP to ClearCourse Partnership Holdings Limited. The vesting of the shares is subject to future employment and thus the shares are accounted for as a share-based payment, though some vested on issue at the date of the Group reconstruction described in note 2.

There are two vesting conditions for the shares, with two thirds vesting over time, and the remaining one third of shares vesting on the occurrence of an exit event (any such event would also accelerate the date the time vesting shares vest) if certain conditions are met, deemed for the purpose of this share-based payment calculation to be 31 December 2023. There is also a condition attached to the B2 shares where the value is restricted if certain exit value conditions are not met.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9. Share-based payment transactions (continued)

	B1 Shares £	B2 Shares £	B2 Designated £
Average fair value	0.882989	0.563189	0.627546
Less initial amount paid	(0.633332)	(0.424496)	(0.378937)
Average fair value per share	<u>0.249657</u>	<u>0.138693</u>	<u>0.248609</u>

Number of shares	B1 Shares Number	B2 Shares Number	B2 Designated Number	Total Number
Outstanding at 1 January 2022	962,497	7,086,091	419,675	8,468,263
Granted	-	978,569	-	978,569
Outstanding at 31 December 2022	<u>962,497</u>	<u>8,064,660</u>	<u>419,675</u>	<u>9,446,832</u>

Fair value of shares	B1 Shares £'000	B2 Shares £'000	B2 Designated £'000	Total £'000
Outstanding at 1 January 2022	240,294	1,055,983	104,335	1,400,612
Granted	-	62,531	-	62,531
Outstanding at 31 December 2022	<u>240,294</u>	<u>1,118,514</u>	<u>104,335</u>	<u>1,463,143</u>
Exercisable at 31 December 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Group

Shares were valued using the Monte Carlo option pricing model. The Monte Carlo model is considered to apply the most appropriate valuation method due to the varying vesting conditions and performance conditions for the B1 and B2 Shares (including the B2 Designated Shares).

Inputs were as follows:

	2022	2021
Grant value of B1 shares (pence)	63.33	63.33
Grant value of B2 shares (pence)	42.45	37.89
Risk-free rate (%)	1.24	2.06
Volatility (%)	45	51
Dividend yield (%)	-	-
Expected life (years)	1.85	1.53

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Expenses recognised in the year				
Arising from equity settled share based payment transactions	<u>390</u>	<u>485</u>	<u>-</u>	<u>-</u>

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10. Operating loss

	2022	2021
	£'000	£'000
Operating loss is stated after charging/(crediting):		
Amortisation of intangible fixed assets – goodwill (note 14)	10,599	6,917
Amortisation of other intangible fixed assets (note 15)	14,624	9,200
Amortisation of borrowing fees	2,585	521
Impairment of goodwill	831	-
Depreciation of tangible assets – owned assets (note 17)	945	554
Depreciation of tangible assets – assets held under finance lease (note 17)	11	33
(Profit)/loss on disposal of tangible fixed assets	(1)	12
Operating lease rentals – land and buildings	1,882	1,751
Operating lease rentals – plant and machinery	18	17
Operating lease rentals – motor vehicles	127	99
Other income – property rental income	(66)	(38)
Bad debt expense	809	324

Fees payable to RSM UK Audit LLP in respect of both audit and non-audit services are as follows:

	2022	2021
	£'000	£'000
Auditor's remuneration:		
Statutory audit of Group and Company accounts	340	340
Statutory audit of subsidiaries	38	18
Other non-audit services	81	239
	459	597

11. Interest receivable and similar income

	2022	2021
	£'000	£'000
Bank interest receivable	2	2

12. Interest payable and similar charges

	2022	2021
	£'000	£'000
Interest on bank overdrafts and loans	9,305	3,191
Interest on finance leases and hire purchase contracts	173	5
	9,478	3,196

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Taxation

The taxation arising in relation to the consolidated statement of comprehensive income relates only the Company's subsidiary undertakings, as follows:

	2022	2021
	£'000	As restated £'000
Current tax		
UK corporation tax	377	(25)
Adjustments in respect of prior periods	105	66
Foreign taxation	120	(21)
Total current tax charge	602	20
Deferred tax		
Origination and reversal of timing differences	(10,484)	(2,048)
Changes in tax rates	775	(583)
Adjustments in respect of prior periods	304	-
Total deferred tax credit	(9,405)	(2,631)
Total tax credit	(8,803)	(2,611)

The tax assessed for the year is higher (2021: higher) than the standard rate of corporation tax in the UK 19%. The differences are explained below:

	2022	2021
	£'000	As restated £'000
Group loss before tax	(57,077)	(24,761)
Group loss multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(10,845)	(4,705)
Effects of:		
Fixed asset differences	24	729
Expenses not deductible for tax purposes	6,275	2,324
Tax losses utilised	(29)	(434)
Adjustments in respect of prior periods	408	(116)
R&D expenditure credits	(262)	-
Effect of changes in tax rate	(914)	497
Deferred tax not recognised	(3,451)	(907)
Foreign timing differences	(9)	1
Tax credit	(8,803)	(2,611)

Deferred tax assets of £4,154,000 (2021: £306,000) have not been recognised during the year due to the uncertainty of when the losses will be utilised.

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 on 24 May 2021. These included an increase of the corporation tax rate to 25% from 1 April 2023. As this change was substantively enacted at the year end date, where deferred tax is recognised, it is at a rate of 25% in the current year (2021: 25%).

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Intangible fixed assets - Goodwill

	Goodwill £'000
Group Cost:	
At 1 January 2022	89,871
Additions through business combinations (see note 16)	32,222
Adjustment arising from change in contingent consideration	(1,677)
At 31 December 2022	<u>120,416</u>
Amortisation and impairment:	
At 1 January 2022	13,079
Charge for the year	10,599
Impairment	831
At 31 December 2022	<u>24,509</u>
Net book value:	
At 31 December 2022	<u>95,907</u>
At 31 December 2021	<u>76,792</u>

The amortisation of goodwill is included within administrative expenses.

The Company does not have any goodwill.

15. Other intangible fixed assets

	Acquired intangibles					
	Other intangibles £'000	Customer relations £'000	Information technology £'000	Order book £'000	Brands £'000	Total £'000
Group Cost:						
At 1 January 2022	6,000	41,489	28,630	299	2,457	78,875
Additions through business combinations (see note 16)	-	21,371	7,027	-	538	28,936
Additions	3,621	425	-	-	-	4,046
At 31 December 2022	<u>9,621</u>	<u>63,285</u>	<u>35,657</u>	<u>299</u>	<u>2,995</u>	<u>111,857</u>
Amortisation:						
At 1 January 2022	1,511	9,451	7,141	274	62	18,439
Charge for the year	2,014	7,197	5,107	25	281	14,624
At 31 December 2022	<u>3,525</u>	<u>16,648</u>	<u>12,248</u>	<u>299</u>	<u>343</u>	<u>33,063</u>
Net book value:						
At 31 December 2022	<u>6,096</u>	<u>46,637</u>	<u>23,409</u>	<u>-</u>	<u>2,652</u>	<u>78,794</u>
At 31 December 2021	<u>4,489</u>	<u>32,038</u>	<u>21,489</u>	<u>25</u>	<u>2,395</u>	<u>60,436</u>

The amortisation and amounts recognised in profit or loss for the year in respect of intangible fixed assets are included within administrative expenses.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16. Acquisitions

During the year, the subsidiary undertaking, ClearCourse Partnership Acquireco Finance Ltd, acquired a number of new subsidiaries. The subsidiaries have been accounted for using the acquisition method of accounting. At the acquisition dates, the total assets and liabilities acquired from the new subsidiaries were consolidated at their fair values as set out below:

	Book value £'000	Fair value adjustments £'000	Total £'000
Tangible fixed assets (note 17)	155	-	155
Debtors	3,106	-	3,106
Cash at bank and in hand	2,719	-	2,719
Creditors	(3,085)	-	(3,085)
Customer relations (note 15)	-	21,371	21,371
Information technology (note 15)	-	7,027	7,027
Brand (note 15)	-	538	538
Net deferred tax liabilities (note 26)	(193)	(7,020)	(7,213)
Total identifiable net assets	2,702	21,916	24,618
Cash consideration		46,047	
Contingent cash consideration		7,282	
Equity instruments (810,175 A2 Ordinary shares)		2,250	
Acquisition costs		1,261	
Total consideration			56,840
Goodwill arising			32,222

All equity instruments issued are A2 ordinary shares in ClearCourse Partnership Acquireco Limited.

	Sub-note	Book value £'000	Fair value adjustments £'000	Total value £'000	Consideration £'000	Goodwill £'000
Gift Voucher Solutions – assets only	(i)	-	1,072	1,072	2,336	1,264
Pursuit Software Limited	(ii)	100	1,929	2,029	2,973	944
349 Group Limited	(iii)	746	13,655	14,401	28,869	14,468
Blue Zinc IT Limited	(iv)	1,883	4,109	5,992	19,148	13,156
Sellerdeck Limited	(v)	(27)	1,151	1,124	3,514	2,390
		2,702	21,916	24,618	56,840	32,222

The goodwill arising on the acquisitions of £38,213,000 is considered to have a useful life of 10 years.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Acquisitions (continued)

Consolidated turnover and consolidated profit after tax contributed by the acquired subsidiaries and assets between the dates of acquisition and the 31 December 2022 is as follows:

	Turnover £'000	Profit/(loss) after tax £'000
Gift Voucher Solutions – assets only	493	215
Pursuit Software Limited	445	(31)
349 Group Limited	1,716	224
Blue Zinc IT Ltd	1,556	(433)
Private Software Limited	104	(54)
	<u>4,314</u>	<u>(79)</u>

The acquisitions are listed below in date order.

(i) Gift Voucher Solutions – assets only

On 5 January 2022, the Group acquired the trade and assets of Gift Voucher Solutions (GVS). GVS is a leading provider of gift voucher solutions for luxury hotels and restaurants. Details of assets and liabilities acquired are set out below:

	Book value £'000	Fair value adjustments £'000	Total £'000
Customer relations	-	1,086	1,086
Information technology	-	238	238
Net deferred tax liabilities	-	(252)	(252)
Total identifiable net assets	<u>-</u>	<u>1,072</u>	<u>1,072</u>
Cash consideration		2,200	
Acquisition costs		136	
Total consideration		<u>2,336</u>	
Goodwill arising			<u>1,264</u>

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Acquisitions (continued)

(ii) Pursuit Software Limited

On 2 August 2022, the Group acquired 100 per cent of the issued share capital of Pursuit Software Limited. Pursuit Software Limited is incorporated in England and Wales and is a provider of jewellery management and point-of-sale (POS) software. Details of assets and liabilities acquired are set out below:

	Book value	Fair value	Total
	£'000	adjustments	£'000
		£'000	
Tangible assets	37	-	37
Debtors	490	-	490
Cash at bank and in hand	298	-	298
Creditors	(725)	-	(725)
Customer relations	-	2,220	2,220
Information technology	-	352	352
Net deferred tax liabilities	-	(643)	(643)
Total identifiable net assets	<u>100</u>	<u>1,929</u>	<u>2,029</u>
Cash consideration		1,980	
Contingent consideration		810	
Acquisition costs		183	
Total consideration		<u></u>	<u>2,973</u>
Goodwill arising			<u>944</u>

(iii) 349 Group Limited

On 2 September 2022, the Group acquired 100 per cent of the issued share capital of 349 Group Limited and its subsidiaries Club Systems International Limited and Club Systems Europe Unipessoal, Lda as well as its sister company, HowDidIDo Media Limited. 349 Group Limited, Club Systems International Limited and HowDidIDo Media Limited are all incorporated in England and Wales whilst Club Systems Europe Unipessoal, Lda is incorporated in Portugal. 349 Group Limited is a holding company, Club Systems International Limited and Club Systems Europe Unipessoal, Lda providers of sports club management software and HowDidIDo Media Limited is an advertising and publishing entity. Details of assets and liabilities acquired are set out below:

	Book value	Fair value	Total
	£'000	adjustments	£'000
		£'000	
Tangible fixed assets	44	-	44
Brand	-	538	538
Debtors	398	-	398
Cash at bank and in hand	2,124	-	2,124
Creditors	(1,820)	-	(1,820)
Customer relations	-	14,395	14,395
Information technology	-	3,094	3,094
Net deferred tax liabilities	-	(4,372)	(4,372)
Total identifiable net assets	<u>746</u>	<u>13,655</u>	<u>14,401</u>
Cash consideration		25,396	
Contingent consideration		2,027	
Equity instruments		1,000	
Acquisition costs		446	
Total consideration		<u></u>	<u>28,869</u>
Goodwill arising			<u>14,468</u>

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Acquisitions (continued)

(iv) Blue Zinc IT Ltd

On 7 September 2022, the Group acquired 100 per cent of the issued share capital of Blue Zinc IT Ltd and its subsidiary, Blue Zinc IT (Australia) Pty Ltd. Blue Zinc IT Ltd is incorporated in England and Wales and Blue Zinc IT (Australia) Pty Ltd is incorporated in Australia. Both companies are providers of solutions for the management of patient referrals, clinical pathways and clinics for the physical and mental healthcare segments in the healthcare sector. Details of assets and liabilities acquired are set out below:

	Book value	Fair value	Total
	£'000	adjustments	£'000
		£'000	
Tangible fixed assets	72	-	72
Debtors	2,127	-	2,127
Cash at bank and in hand	125	-	125
Creditors	(248)	-	(248)
Customer relations	-	2,883	2,883
Information technology	-	2,596	2,596
Net deferred tax liabilities	(193)	(1,370)	(1,563)
Total identifiable net assets	1,883	4,109	5,992
Cash consideration		14,847	
Contingent consideration		2,707	
Equity instruments		1,250	
Acquisition costs		344	
Total consideration			19,148
Goodwill arising			13,156

(v) Private Software Limited

On 1 December 2022, the Group acquired 100 per cent of the issued share capital of Private Software Limited and its subsidiary, Sellerdeck Limited. Private Software Limited and Sellerdeck Limited are incorporated in England and Wales and are providers of platforms to help e-commerce businesses scale their operations. Details of assets and liabilities acquired are set out below:

	Book value	Fair value	Total
	£'000	adjustments	£'000
		£'000	
Tangible fixed assets	2	-	2
Debtors	91	-	91
Cash at bank and in hand	172	-	172
Creditors	(292)	-	(292)
Customer relations	-	787	787
Information technology	-	747	747
Net deferred tax liabilities	-	(383)	(383)
Total identifiable net assets	(27)	1,151	1,124
Cash consideration		1,624	
Contingent consideration		1,738	
Acquisition costs		152	
Total consideration			3,514
Goodwill arising			2,390

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

17. Tangible fixed assets

Group	Leasehold property £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 January 2022	1,003	1,475	828	43	3,349
Additions through business combinations	61	64	30	-	155
Additions	22	868	139	-	1,029
Reclassifications	(24)	(87)	(8)	-	(119)
Disposals	(90)	(34)	(37)	-	(161)
At 31 December 2022	972	2,286	952	43	4,253
Depreciation:					
At 1 January 2022	164	723	289	15	1,191
Charge for the year	216	608	109	23	956
Reclassification	(2)	(73)	2	-	(73)
Disposals	(90)	(31)	(29)	-	(150)
At 31 December 2022	288	1,227	371	38	1,924
Net book value:					
At 31 December 2022	684	1,059	581	5	2,329
At 31 December 2021	839	752	539	28	2,158

The depreciation charge for the year is included within administrative expenses.

Leased plant and machinery

The net book value of computer equipment includes £Nil (2021: £11,000) in respect of assets held under finance leases. Depreciation charged in the year was £11,000 (2021: £33,000).

18. Fixed asset investments

Company	Subsidiary undertakings £'000
Cost:	
At 1 January 2022	149,633
Additions	767
At 31 December 2022	150,400
Provisions for impairment:	
At 1 January 2022 and 31 December 2022	-
Carrying amount:	
At 31 December 2022	150,400
At 31 December 2021	149,633

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Fixed asset investments (continued)

The Company's subsidiary undertakings as at 31 December 2022 are set out below:

Name of undertaking and registered office	Country of incorporation	Nature of business	Class of shareholding	% held
ClearCourse Partnership AcquireCo Ltd** 107 Cheapside, London, England EC2V 6DN	United Kingdom	Holding company	Ordinary	91.10%
ClearCourse Partnership AcquireCo Holdings Limited** 107 Cheapside, London, England EC2V 6DN	United Kingdom	Holding company	Ordinary	91.10%*
ClearCourse Partnership AcquireCo Finance Limited** 107 Cheapside, London, England EC2V 6DN	United Kingdom	Holding company	Ordinary	91.10%*
ClearCourse Retail Limited (formerly GiftPro Limited)** 107 Cheapside, London, England EC2V 6DN	United Kingdom	Software provider	Ordinary	91.10%*
ClearCourse Membership Services Limited** 107 Cheapside, London, England EC2V 6DN	United Kingdom	Software provider	Ordinary	91.10%*
Ariadne Computer Systems Limited** 340 Gray's Inn Road, London, England, WC1X 8BG	United Kingdom	Software provider	Ordinary	91.10%*
NFP Services Co. Limited** 340 Gray's Inn Road, London, England, WC1X 8BG	United Kingdom	Software provider	Ordinary	91.10%*
Mantra IT Systems Private Limited Baani, The Address, 1 Golf Course Road, 207, 2nd Floor, Sector 56, Gurgaon, Haryana 122011, India	India	Software provider	Ordinary	91.10%*
Silverbear Limited** 1 Faraday Road, Guildford, Surrey, England, GU1 1EA	United Kingdom	Software provider	Ordinary	91.10%*
E-Dataware Limited** 107 Cheapside, London, England EC2V 6DN	United Kingdom	Software provider	Ordinary	91.10%*
Cleara Consulting Limited** 107 Cheapside, London, England EC2V 6DN	United Kingdom	Consultancy	Ordinary	91.10%*
ClearCourse Business Services Limited** 107 Cheapside, London, England EC2V 6DN	United Kingdom	Software provider	Ordinary	91.10%*
Shepherdland Limited** Stratum House, Stafford Park 10, Telford, Shropshire, England, TF3 3AB	United Kingdom	Software provider	Ordinary	91.10%*
Stratum Holdings Limited** Stratum House, Stafford Park 10, Telford, Shropshire, England, TF3 3AB	United Kingdom	Software provider	Ordinary	91.10%*
APT Solutions Limited** Stratum House, Stafford Park 10, Telford, Shropshire, England, TF3 3AB	United Kingdom	Software provider	Ordinary	91.10%*
Memnet Limited** 107 Cheapside, London, England EC2V 6DN	United Kingdom	Software provider	Ordinary	91.10%*
APT Software Limited** Stratum House, Stafford Park 10, Telford, Shropshire, England, TF3 3AB	United Kingdom	Software provider	Ordinary	91.10%*

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

18. Fixed asset investments (continued)

Name of undertaking and registered office	Country of incorporation	Nature of business	Class of shareholding	% held
APT Solutions (Australasia) Pty Ltd <i>Suite 14.03, Level 14, 14 Martin Place, Sydney, NSW 2000, Australia</i>	Australia	Software provider	Ordinary	91.10%*
CircData Limited** <i>Unit K, Venture House, Bone Lane, Newbury, Berkshire, England, RG14 5SH</i>	United Kingdom	Software provider	Ordinary	91.10%*
ClearCourse Development Sp z.o.o. <i>Ul. Królewska 57, 30-081 Kraków, Poland</i>	Poland	Software provider	Ordinary	91.10%*
Crafty Clicks Limited** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
Cymba Integrated Solutions Ltd** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
EKM Systems Holdco Limited** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
EKM Systems Limited <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
Eworks Manager Limited** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
Eworks Manager Proprietary Limited <i>166 Cape Road, Mill Park, Port Elizabeth, 6001</i>	South Africa	Software provider	Ordinary	91.10%*
NetXtra Limited** <i>Linden Square, 146 Kings Road, Bury St. Edmunds, Suffolk, England, IP33 3DJ</i>	United Kingdom	Consultancy	Ordinary	91.10%*
Clearcourse Events & Leisure Ltd** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
Instagiv Limited** <i>Number One, Lanyon Quay, Belfast, Northern Ireland, BT1 3LG</i>	United Kingdom	Software provider	Ordinary	91.10%*
KCell Services Limited** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
The EPOS Bureau Limited** <i>Eureka House Tullynagarn, Lisnarick Road, Irvinestown, Fermanagh, Northern Ireland, BT94 1EY</i>	United Kingdom	Software provider	Ordinary	91.10%*
Trillium Systems Limited** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
Portrilio Solutions, Unipessoal, Lda <i>Rua Julio Dinis, 561 4 Sala 402 - Centro Empresarial, 4050-325 Porto, Portugal</i>	Portugal	Software provider	Ordinary	91.10%*
Protech Computer Systems Limited** <i>Protech House, Wharf Approach, Anchor Brook Industrial Park, Aldridge, Walsall, West Midlands, England, WS9 8BX</i>	United Kingdom	Software provider	Ordinary	91.10%*
Secure Collections Limited <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
ClearCourse Payments Holdco Ltd** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Holding company	Ordinary	91.10%*

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

18. Fixed asset investments (continued)

Name of undertaking and registered office	Country of incorporation	Nature of business	Class of shareholding	% held
ClearAccept Ltd** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
ClearAccept Operations Ltd** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
ClearAccept Technology Ltd** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
Hart Square Limited** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Consultancy	Ordinary	91.10%*
Garage Data Systems Limited** <i>Armstrong House, Flemingate, Beverley, East Yorkshire, England, HU17 0NW</i>	United Kingdom	Software provider	Ordinary	91.10%*
Practice Point Limited** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
E-Novations (London) Limited <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
Adelante Software Ltd** <i>Unit 3 The Switchback, Gardner Road, Maidenhead, Berkshire, SL6 7RJ</i>	United Kingdom	Software provider	Ordinary	91.10%*
Bevy of Swans Ltd** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
Swan Retail Systems Ltd** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
Touchretail Holdings Limited** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Holding company	Ordinary	91.10%*
Touchretail Limited** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
Swan Origination Ltd** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
Swan Retail Ltd** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
Mosaic Software Ltd** <i>14-15 Brunel Building, Scottish Enterprise Technology Park, East Kilbride, Glasgow, G75 0QD</i>	United Kingdom	Software provider	Ordinary	91.10%*
Felinesoft Limited** <i>Whitefriars Sixth Floor, Suite D, Lewins Mead, Bristol, BS1 2NT</i>	United Kingdom	Software provider	Ordinary	91.10%*
T.I.S.S.L Limited** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
FLG Business Technology Limited** <i>107 Cheapside, London, England EC2V 6DN</i>	United Kingdom	Software provider	Ordinary	91.10%*
Blue Zinc IT Ltd** <i>4C Dill House, Castlereagh Business Park, 478 Castlereagh Road, Belfast, Antrim, BT5 6BQ</i>	United Kingdom	Solutions provider	Ordinary	91.10%*

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Fixed asset investments (continued)

Name of undertaking and registered office	Country of incorporation	Nature of business	Class of shareholding	% held
Blue Zinc IT (Australia) Pty Ltd <i>Level 3, 225 Montague Road, West End, QLD 4101</i>	Australia	Solutions provider	Ordinary	91.10%*
Pursuit Software Limited** <i>107 Cheapside, London, England, EC2V 6DN</i>	United Kingdom	Other IT services	Ordinary	91.10%*
349 Group Limited <i>49, Peter Street, 2nd Floor, Manchester, England, M2 3NG</i>	United Kingdom	Holding company	Ordinary	91.10%*
Private Software Limited** <i>First Floor, Units 3/4, Cranmere Court, Lustleigh Close, Matford Business Park, Exeter, Devon, England, EX2 8PW</i>	United Kingdom	Head office	Ordinary	91.10%*
HowDidIDo Media Limited <i>49 Peter Street, Manchester, United Kingdom, M2 3NG</i>	United Kingdom	Business support	Ordinary	91.10%*
Sellerdeck Limited** <i>107 Cheapside, London, England, EC2V 6DN</i>	United Kingdom	IT consultant	Ordinary	91.10%*
Club Systems International Limited <i>2nd Floor, 49 Peter Street, Manchester, United Kingdom, M2 3NG</i>	United Kingdom	Software provider	Ordinary	91.10%*
Club Systems Europe Unipessoal, Lda <i>Avenidas Novas, 1050 094, Lisboa</i>	Portugal	Software provider	Ordinary	91.10%*

* represents an indirect holding

** represents subsidiaries that are exempt from the requirements of the Companies Act 2006 relating to the audit of the individual accounts under section 479A of the Companies Act 2006. The Company will provide a guarantee in respect of the liabilities arising in those subsidiaries so those companies can take the s479A exemption from audit for the period ended 31 December 2022.

19. Debtors

	Group 2022	Group 2021	Company 2022	Company 2021
	£'000	£'000	£'000	As restated £'000
<i>Amounts falling due within one year:</i>				
Trade debtors	9,514	10,649	-	-
Other debtors	952	4,663	971	792
Amounts due from Group undertakings	-	-	1,923	386
Prepayments and accrued income	5,814	3,040	253	-
Corporation tax receivable	269	-	-	-
	<u>16,549</u>	<u>18,352</u>	<u>3,147</u>	<u>1,178</u>

The amounts due from Group undertakings are unsecured, interest free and repayable on demand.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

20. Cash at bank and in hand

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Cash at bank	11,775	10,426	12	-

Included within cash at bank and in hand for the Group is £3,192,000 (2021: £3,719,000) of restricted cash. Restricted cash is money received from third parties which is payable, after deducting commission, to clients.

21. Creditors: Amounts falling due within one year

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Borrowings (note 23)	-	-	-	-
Obligations under finance leases	-	12	-	-
Trade creditors	2,844	1,388	30	145
Amounts due to Group undertakings	-	-	4,735	2,257
Other taxation and social security	3,065	3,625	-	-
Corporation tax payable	-	778	-	-
Other creditors	2,517	3,646	-	-
Accruals and deferred income	21,593	15,560	3,445	-
Contingent consideration	5,830	17,377	-	-
	<u>35,849</u>	<u>42,386</u>	<u>8,210</u>	<u>2,402</u>

The amounts due to Group undertakings are unsecured, interest free and repayable on demand.

22. Creditors: Amounts falling due after more than one year

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Borrowings (note 23)	139,140	49,282	-	-
Contingent consideration	4,851	3,996	-	-
	<u>143,991</u>	<u>53,278</u>	<u>-</u>	<u>-</u>

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

23. Borrowings

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Loans from third parties	144,432	51,776	-	-
Capitalised fees	(5,292)	(2,494)	-	-
	<u>139,140</u>	<u>49,282</u>	<u>-</u>	<u>-</u>
Payable within one year	-	-	-	-
Payable after one year	139,140	49,282	-	-
	<u>139,140</u>	<u>49,282</u>	<u>-</u>	<u>-</u>
	Loans from third parties £,000	Capitalised fees £'000	Loans from related parties £'000	Total £'000
Movement in borrowings:				
At 1 January 2021	-	-	27,112	27,112
Payments	-	(3,015)	(27,112)	(30,127)
Proceeds	50,217	-	-	50,217
Capitalisation of interest	1,559	-	-	1,559
Amortisation of fees	-	521	-	521
At 31 December 2021	<u>51,776</u>	<u>(2,494)</u>	<u>-</u>	<u>49,282</u>
Payments	(58,518)	(5,383)	(18,694)	(82,595)
Proceeds	142,761	-	18,226	160,987
Capitalisation of interest	7,020	-	-	7,020
Cash interest due	1,393	-	468	1,861
Amortisation of fees	-	2,585	-	2,585
At 31 December 2022	<u>144,432</u>	<u>(5,292)</u>	<u>-</u>	<u>139,140</u>

During the year, the Group agreed a new loan facility with a new lender. As a result, the existing loan with Sixth Street and the subordinated loan with Aquiline was repaid. The new loan is repayable in July 2028 and incurs quarterly interest of between 7.25% and 8% plus SONIA. The Group has the option to capitalise some of the interest charge for the first eight quarters. Total accrued interest as at 31 December 2022 is £6,099,000 (2021: £1,559,000). The loan is collectively guaranteed by the subsidiaries of the Company.

A fixed and floating charge over the assets of the Group was given as security for the loans received in 2021 and 2022.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

24. Finance lease obligations

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
The total future minimum lease payments fall due as follows:				
Less than one year	-	12	-	-

Obligations under finance leases represent rentals payable by the Group for certain items of computer equipment. All leases were on a fixed repayment basis and no arrangements have been made for contingent rental payments. All leases have ended during the current year.

The Group's obligations under finance leases bore interest at 4.8% and were secured by the lessor's charge over the leased assets. The net book value of the secured assets is disclosed in note 16.

25. Provisions for liabilities

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
	As restated			
Deferred tax liabilities (see note 26)	6,798	8,990	-	-
Dilapidations provisions	204	204	-	-
	<u>7,002</u>	<u>9,194</u>	<u>-</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
	As restated			
At 1 January	204	20	-	-
Reclassification from creditors	-	184	-	-
At 31 December	<u>204</u>	<u>204</u>	<u>-</u>	<u>-</u>

26. Deferred tax

Group	Net deferred tax liability £'000 As restated
At 1 January 2022	8,990
Acquired as a result of business combinations (note 16)	7,213
Credited to profit or loss (note 13)	(9,405)
At 31 December 2022	<u>6,798</u>

The Company does not have any deferred tax liabilities.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

26. Deferred tax (continued)

The major deferred tax liabilities and assets recognised by the Group are:

	Liabilities 2022 £'000	Liabilities 2021 £'000	Assets 2022 £'000	Assets 2021 £'000
		As restated		As restated
Fixed asset timing differences	1,168	53	-	-
Short term timing differences	-	2	(61)	-
Losses and other deductions	-	-	(12,103)	(4,435)
Business combinations	17,794	13,370	-	-
	<u>18,962</u>	<u>13,425</u>	<u>(12,164)</u>	<u>(4,435)</u>

27. Share capital

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
1,874,585 A1 non-voting ordinary shares of £0.01 each	19	19	19	19
62,947,018 A1 voting ordinary shares of £0.01 each	630	624	630	624
962,497 B1 ordinary shares of £0.01 each	10	10	10	10
8,036,091 B2 ordinary shares of £0.01 each	80	71	80	71
419,675 B2 designated ordinary shares of £0.01 each	4	4	4	4
97,940,573 preference shares of £0.01 each	979	979	979	979
	<u>1,722</u>	<u>1,707</u>	<u>1,722</u>	<u>1,707</u>

During the year, the Company issued 495,723 A1 voting ordinary shares and 950,000 B2 ordinary shares for £716,720 at a par of £0.01 each, with the remaining balance included in share premium.

Ordinary share rights

The Company's A ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

The Company's B ordinary shares, which carry no right to fixed income, do not carry the right vote at general meetings of the Company.

Preference share rights

The Company's preference shares do not carry the right to vote at any general meeting of the Company and confer the right to receive a preferred return.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

28. Reserves

Share premium

Consideration received for shares issued above their nominal value, net of transaction costs.

Capital contribution reserve

Capital contributions received from parent company.

Merger reserve

The merger reserve represents the difference between the cost of the investment in a subsidiary undertaking and the equity of that subsidiary acquired, on consolidation.

Profit and loss reserve

Cumulative profit and loss net of distributions to owners.

29. Retirement benefit schemes

	2022 £'000	2021 £'000
Charge to profit or loss in respect of defined contribution schemes	1,650	1,115

The Group operates several defined contribution pension schemes for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. There were contributions of £158,000 outstanding at the year end (2021: £58,000).

30. Cash used in operations

	2022 £'000	2021 £'000 As restated
Group loss for the financial year	(48,274)	(22,150)
Adjustments for:		
Finance income	(2)	(2)
Finance cost	9,478	3,196
Taxation	(8,803)	(25)
Depreciation of tangible fixed assets	956	587
Amortisation of goodwill	10,599	6,917
Amortisation of other intangible fixed assets	14,624	9,200
Amortisation of borrowing fees	2,585	522
Impairment of goodwill	831	-
(Profit)/loss on disposal of tangible fixed assets	(1)	12
Share-based payment expense	390	485
Provision movement	-	184
	(17,617)	(1,074)
Movements in working capital:		
Decrease/(increase) in debtors	6,478	(3,157)
Increase/(decrease) in creditors	610	(1,943)
Cash used in operations	(10,529)	(6,174)

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

31. Analysis of changes in net debt

Group	1 January 2022 £'000	Cashflow £'000	Non-cash movements £'000	31 December 2022 £'000
Cash at bank and in hand	(10,426)	(1,379)	30	(11,775)
Borrowings excluding overdrafts	49,282	78,860	10,998	139,140
Obligations under finance lease	12	(12)	-	-
Total net debt	38,868	77,469	11,028	127,365

32. Related party transactions

The Group and the Company have taken advantage of the exemption in FRS 102 Section 33 from the requirement to disclose transactions entered into between two or more members of a group provided that any subsidiary which is party to the transaction is wholly owned by such a member.

At 31 December 2022, the Company owes £4,735,000 (2021: £2,257,000) to its subsidiaries which are included within amounts due to Group undertakings, and are owed £1,923,000 (2021: £386,000) which are included within amounts due from Group undertakings. These amounts are interest free and repayable on demand.

During the year, the Group incurred expenses of £157,000 (2021: £11,000) from the ultimate controlling party, Aquiline Holdings GP (Offshore) Limited. At the year end, £123,000 (2021: £Nil) is outstanding in relation to this balance and is included within amounts due to Group undertakings.

During the year, the Group received and subsequently repaid a subordinated loan of £18,226,000 (2021: £Nil) from Aquiline Holdings GP (Offshore) Limited. Interest of £468,000 (2021: £Nil) was paid in the year. At the year end, £Nil (2021: £Nil) is outstanding in relation to this balance

33. Operating lease commitments

Lessee

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

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Within one year	1,572	1,675	-	-
Between two and five years	2,320	2,617	-	-
More than five years	5	69	-	-
	3,897	4,361	-	-

34. Capital commitments

At 31 December 2022, there were no capital commitments (2021: £1,495,000) in relation to a payments platform project.

35. Control

The Group and the Company is controlled by Aquiline Holdings GP (Offshore) Limited located at 535 Madison Avenue, 24th Floor, New York, NY 10022.

CLEARCOURSE PARTNERSHIP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

36. Post balance sheet events

On 19 January 2023, the Group acquired Clearwater Consultancy Limited ("Clear"), a company focusing on market-leading software solutions for the non-profit and transport sectors, for an initial consideration of £2.7m.

Since the end of the year, the Group has drawn down a further £12.3m from its facility in order to fund its acquisition of Clear as well as the Group's contingent consideration liabilities.

On 22 December 2022, the Company set up the ClearCourse Employee Benefit Trust for the purpose of establishing an employees' share scheme as defined by section 1166 of the Companies Act 2006. At the year-end, the only transaction was £10 transferred by the Company to the Trust. Since the end of the year, £2.2m has been transferred to the Trust in order to fund the acquisition of shares owned by G J Gualtieri. £0.9m is owed to J.T.Brown upon the acquisition of shares owned by him.

The Group issued legal proceedings against the former owners of E-Novations (London) Limited for deceit and breach of warranty, arising from, it is alleged, false representations and warranties made by the former owners. The Group seeks recovery of the acquisition price and associated costs, valued at over £4m in aggregate. Separately, E-Novations seeks recovery of an unpaid former Directors' loan of £200k. In addition, the Group successfully secured an injunction preventing the threatened disclosure of confidential information and personal data. The Group successfully applied for the strike-out of all counter-claims made by the former owners. There are, therefore, no active claims being made against the Group.

On 9 May 2023, the Group raised £10m of equity from Aquiline and some of its existing A1 shareholders.