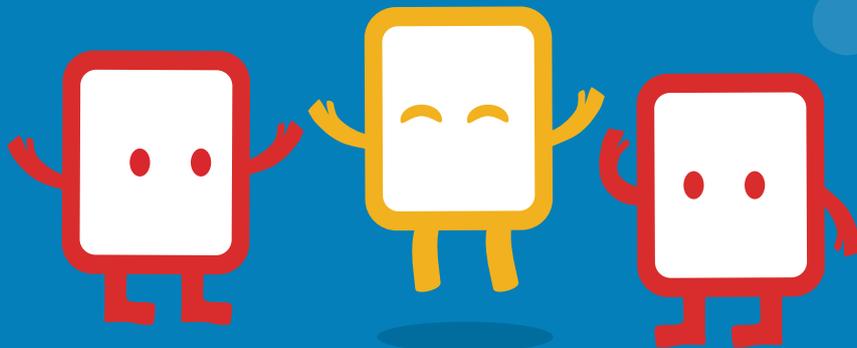




# ClearBooks

## Cloud Funding



Share Information Document



## Important notice

# Clear Books plc

(Incorporated in England and Wales under the Companies Act 2006 with registered number 06636109)

## Offer of up to 93,950 New Ordinary Shares at a subscription price of £8.94 per New Ordinary Share.

This Share Information Document, which is not a prospectus, but which is a financial promotion, is issued by Clear Books plc ('Clear Books' or the 'Company') and has been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 ('FSMA') by Brunel Capital Ltd ('Brunel'), which is authorised and regulated by the Financial Conduct Authority, on behalf of Clear Books and is for use only by Clear Books and the potential Investors to whom it is addressed. Brunel is acting for Clear Books only and will not be responsible to any other person for providing protections afforded to clients and will not give any advice to any potential Investors or to any other person as recipients of this Share Information Document or otherwise. Brunel has given, and has not withdrawn, its consent to the inclusion of the reference to its name in the form and context in which it is included.

No person has been authorised to issue any promotion or give any information or make any representations in connection with the Share Offer, other than those contained in this document and, if issued, given or made, such

promotions, information or representations must not be relied upon as having been authorised by Clear Books or Brunel.

All information contained in this Share Information Document has been provided by Clear Books and has not been independently verified by Brunel. No representation or warranty, express or implied, is given by any person as to the accuracy or completeness of the information and opinions contained herein and no responsibility or liability is accepted for the accuracy or sufficiency of any of the information or opinions, for any errors, omissions or mis-statements, negligent or otherwise, or for any other communication, written or otherwise in connection with the proposed investment. Potential Investors should read the whole of this Share Information Document. In particular, your attention is drawn to the section headed [Risk factors](#) on pages 32-38 of this document.

Accordingly, neither Brunel nor Clear Books shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in this document or in any future communication in connection with such proposed investment. All recipients are strongly recommended to take independent professional advice before applying to invest in Clear Books and should not place reliance on any statement of fact or any information or opinion set out in this document in substitution for, or in preference to, such advice.

This Share Information Document does not constitute a formal offer, being capable of acceptance, or invitation to purchase or acquire any securities in any company or any interest therein, nor shall it form the basis of any contract for the sale of securities in any company.

The New Ordinary Shares will be unlisted securities. No application will be made for admission of the New Ordinary Shares to the Official List of the United Kingdom Listing Authority ('UKLA') or to the AIM Market of the London Stock Exchange. Further, neither the UKLA nor the London Stock Exchange has examined or approved the contents of this Share Information Document.

The New Ordinary Shares will not be dealt on any other investment exchange (whether recognised or otherwise) and no application has been or is being made for the New Ordinary Shares to be admitted to trading on any such exchange or market.

The New Ordinary Shares have not been and will not be registered under the United States Securities Act 1933 or under the securities legislation of any state of the United States and may not be offered or sold in the United States or to any US persons.

The New Ordinary Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, the Republic of Ireland, South Africa, Japan or any other jurisdiction. The distribution of this Share Information Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Share Information Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of such jurisdictions.

The Board of Directors of Clear Books recommends that applications to subscribe for shares pursuant to the Share Offer should be made only by sophisticated investors who are high net worth individuals.

The past performance of the Company should not be regarded as an indication of the future performance of the Company. There is no guarantee that dividends will be paid. Eligibility for and continuation of EIS relief is not guaranteed.

If you are considering an investment in Clear Books, you are recommended to seek your own professional advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under Financial Services and Markets Act 2000.

# Table of contents

6	Introduction	17	Clear Books Pro
7	Key information	18	Accountants
7	Share offer	18	Final accounts production
7	Expected timetable	19	Lead generation
8	Letter from Tim Fouracre, CEO	19	Practice management
9	How it started	19	Web design & hosting
10	Clear Books	20	Cash book
11	Benefits	20	Tax
12	Business model	20	The accountant channel opportunity
12	Monthly revenue growth	21	Clear Books plc
13	Momentum & opportunity	22	Directors
14	Market opportunity	23	Team leaders
14	Cloud competition	23	Shareholders
15	Small business software	24	Investment programme
16	Payroll	24	Assumptions as to future development
16	Human resources	25	Prospective statement of cash flows
16	Document management system	26	Market leader
		26	Sales & marketing
		26	Recruitment
		27	Flexibility

28	Financial information	39	The Enterprise Investment Scheme
29	Organisations using Clear Books		
29	Industries using Clear Books	42	Directors, secretary & registered office
30	Customers by country		
30	Customers by sales	43	Clear Books customers
31	Summary of the company's articles	45	Terms & conditions of a share application
32	Risk factors		
33	Investing in unquoted securities	45	Introduction
34	Company's operations & business	45	Allotment
36	Accounting software industry & the general economy	46	Territory
36	Regulatory framework applicable to the company	48	Application
36	Suitability	51	Money laundering
37	Failure to raise funds	52	Taxation
37	Security & data	53	Communication
37	Liquidity	53	Further information
37	Dividends	54	Definitions
38	Other		



## Key information

Any decision to invest in Clear Books should be based on this Share Information Document as a whole. In particular, prospective Investors should read [Risk factors](#) on pages 32-38 of this document and the [Important notice](#) on pages 2-3 of this document.

Clear Books intends to raise a total of up to £839,913 to develop and market Clear Books Pro, a trading name of Clear Books.

We intend to use the funds to help accountants run their accounting practice in the cloud to better serve their small business clients.

Existing shareholders have committed to invest £86,000 which represents 10.2% of the funds being raised.

## Share offer

Issuer	Clear Books plc
Shares Offered	93,950 New Ordinary Shares
Offer Price	£8.94
Maximum amount to be raised through the issue of New Ordinary Shares	£839,913
Minimum Investment	£8.94

## Expected timetable

Offer Date	23rd September 2013
Closing Date	31st October 2013

This timetable is indicative only. Clear Books reserves the right to extend the Closing Date or close the Share Offer early, in which case the dates referred to will change accordingly. Clear Books reserves the right to accept or reject oversubscriptions.

## Letter from Tim Fouracre, CEO

Dear Investor,

I am pleased to share with you this opportunity to invest in a UK SaaS technology startup, Clear Books.

It is our ambition to create a business software company that ultimately exceeds Sage in terms of market share but retains our innovative, fast moving, friendly and ambitious startup culture; the things I love about Clear Books.

The team at Clear Books is dedicated to our customers. We are passionate about pioneering cloud software to create new ways to save British businesses time and make them more efficient.

Our commercially launched cloud business software includes accounting, payroll and human resources. In addition we have a pipeline of integrated cloud business software at various stages of development.

Central to our strategy for growth is positioning our trading name, Clear Books Pro, as the market leader for UK accountants wanting to run their practice in the cloud. Our plans to grow the company faster and establish Clear Books Pro require additional capital.



We believe that working closely with the thirty five thousand strong accounting practice channel provides the best possible long term platform to penetrate the larger market of four million small businesses in the UK, which is our ultimate goal.

Over the past five years I have been on an exciting journey taking Clear Books from a one man band working from home to growing it into an established cloud business software vendor with five thousand small business customers supported by an ambitious team of 19.

I am looking forward to you joining me and the team on the next leg of our journey.

Yours sincerely,

**Tim Fouracre**

## How it started

Founders of Clear Books, Tim Fouracre, Paul Maunder and Brendan McLoughlin met in 1998 at Farnborough Sixth Form College.

Tim went on to the University of Nottingham to study Mathematics while Brendan and Paul, both just 18 at the time, set up a web hosting and online advertising company, Fubra Ltd ('Fubra'), which they still run today. When Tim graduated he worked for Fubra as a web developer.

Tim's career changed track when he joined KPMG and qualified as a Chartered Accountant in 2007. He maintained his interest in web development, running a small portfolio of websites.

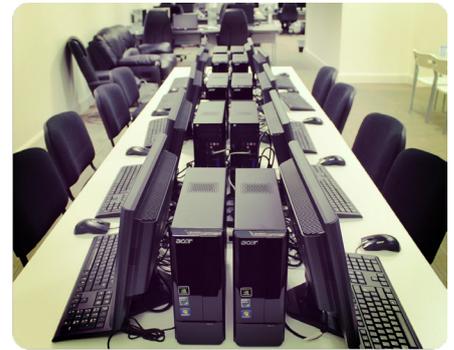
To keep on top of the bookkeeping for his websites and his mum's theatre school, Tim combined his web development and accounting expertise to create an online double entry bookkeeping system.



**STARTED AT HOME**



**FIRST OFFICE**



**PROUD OF OUR  
BIG OFFICE**

At a similar time Paul, from Fubra, had developed an online invoicing system for his brothers' construction business to send professional PDF invoices via email to customers.

On learning about these complementary projects, Tim and Fubra combined the two online systems to create the core of a cloud accounting application and, in July 2008, Clear Books was incorporated.

Tim resigned from his position as an equity research analyst in the City to focus on Clear Books full time. He was 26 when he started and spent the first fifteen months working from home to get the venture off the ground.

From the very beginning Clear Books has been developed to help people run their business more efficiently and to save them time. Today Clear Books continues with this goal from its London base, employing 19 people to support its small business customers.

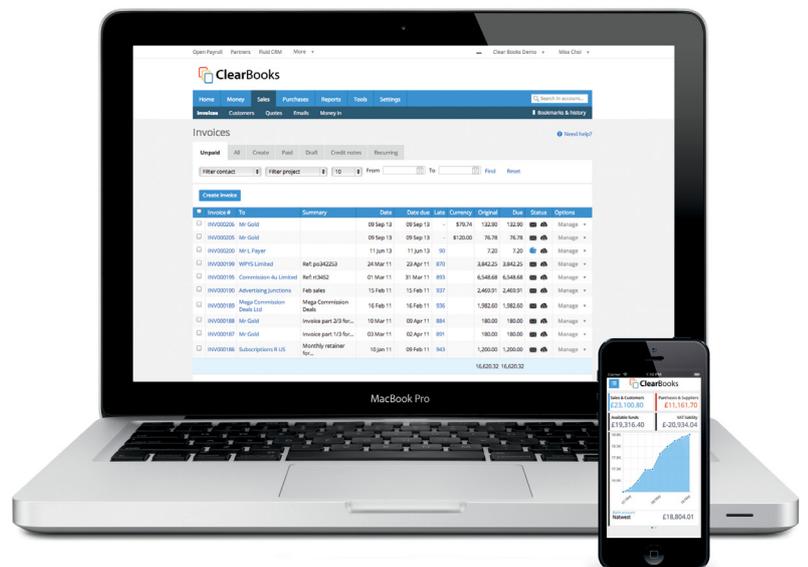
# Clear Books

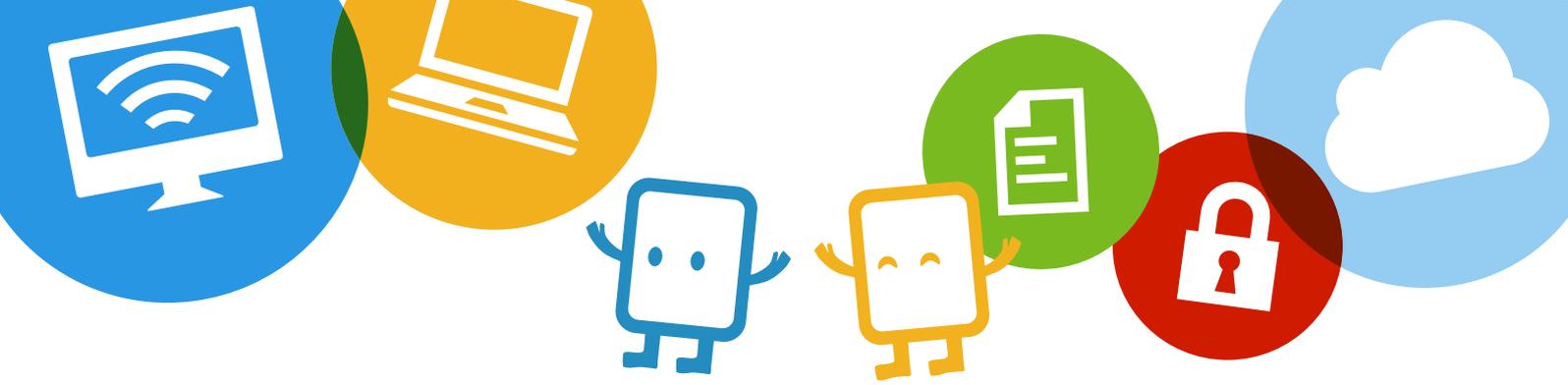


Clear Books is cloud accounting software used by five thousand small businesses. It is our flagship software. The software has been accredited by both the Institute of Chartered Accountants in England and Wales and the Institute of Certified Bookkeepers.



ACCREDITED SOFTWARE





## Benefits

Desktop accounting software dominates the market but our cloud alternative is gaining momentum. Some of the benefits include:

**Easy and simple** - most customers need no training due to intuitive and attractive interface.

**Affordable** - packages are priced at £9, £19 and £39 per month on a pay as you go, cancel at anytime, subscription model.

**Web based** - flexible anytime, anywhere access requiring just an Internet connection. Data is automatically backed up and the login is secure.

**Automatic updates** - all customers get all updates and improvements to the software automatically to ensure they have the latest version.

**Platform independent** - works on a Mac, Windows or Linux machine.

**Beautiful invoices** - custom invoices for small businesses to look professional and organised.

**Get paid faster** - automatic email reminders sent to customers for overdue invoices to automate debtor chasing.

**Powerful reporting** - profit & loss, cash flow, balance sheet, ageing, VAT returns and management reports.

**Collaborative** - business owners, accountants and other advisers can collaborate on the same real time accounting data while logged into the system simultaneously.

**Bank feeds** - business bank accounts are automatically imported with the system learning about regular transactions to speed up future processing.

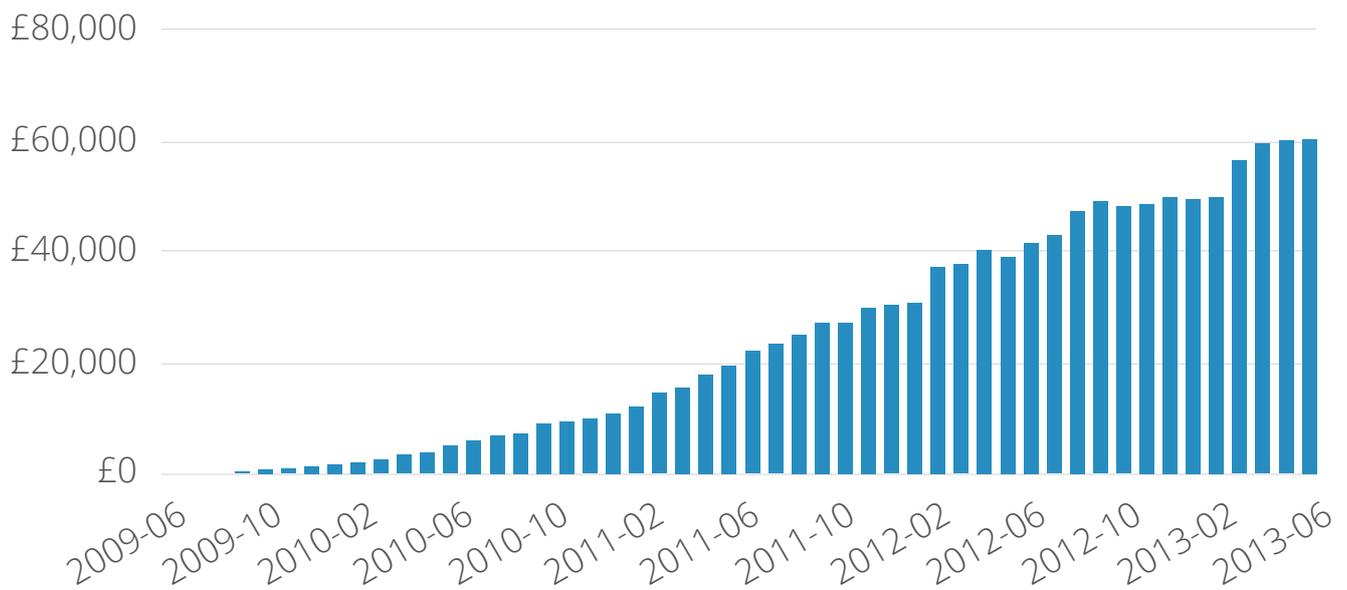
**HMRC filings** - VAT returns can be created and submitted online to HMRC in a couple of clicks.

## Business model

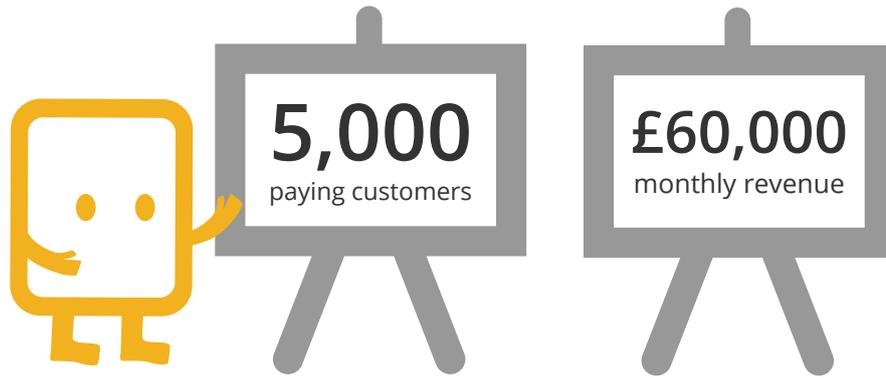
Clear Books is a SaaS business which has the following characteristics:

- Low monthly cost for our customers.
- Focused on the UK market.
- Scalable.
- Low infrastructure costs.
- Continuous software updates.

## Monthly revenue growth



## Momentum & opportunity

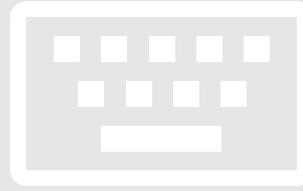


- Increased monthly revenue to £60,000 per month.
- Developed online accounting software used by 5,000 paying customers.
- Potential Market opportunity of four million small businesses and 35,000 accounting practices.
- Set up operations in London.
- Grown from one person working from home to a team of 19.
- Developed the Clear Books brand.
- Established key partnerships with 150 accounting practices.
- ICAEW and ICB accredited cloud accounting software.
- Over £1 billion invoiced by customers of Clear Books.
- Organic growth to date with opportunity to scale up sales.
- Tax break on investment through EIS relief (subject to individual eligibility and compliance with requirements for such relief).

### Did you know?

23.2% of Clear Books customers work in Computer and IT consultancy or data processing.





## Market opportunity

The potential market opportunity is best illustrated by examining the leading incumbent desktop accounting software in the UK, Sage. The Sage Group plc, founded in 1981, is listed on the London Stock Exchange, forming part of the FTSE 100. Sage's main focus is on the small and mid-market business software market, with companies that employ less than 100 staff, although it also has offerings for larger businesses. It has more than six million customers worldwide and revenue in excess of £1bn per annum.

## Cloud competition

Xero is a cloud accounting software competitor with operations in New Zealand, Australia, the USA and the UK. Listed on the New Zealand stock exchange its last reported revenue to March 2013 was NZD \$39m and its market capitalisation on the 17th September 2013 was NZD \$2.18bn which values the company at 56x historic revenue.

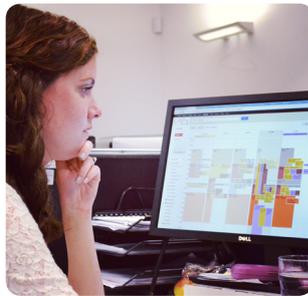
A key difference between Clear Books and Xero is that Clear Books is a British company with a team based entirely in the UK helping British businesses compete on a global stage.

A top priority for Clear Books is to further our integrations with HMRC and Companies House to help small businesses run more efficiently. We have developed RTI ('Real Time Information') payroll and Companies House search tools and, in addition to these, our roadmap includes company incorporation, final accounts and corporation tax filing. Our goal is to reduce the UK business owner's compliance overhead to save them time.

The Company's year to March 2013 revenue was £0.47m. This values Clear Books at 38x its historic revenue on an £18m pre-money valuation.

# Small business software

In July 2008 Clear Books started out as a company that provided cloud accounting software. We have evolved since then.



Ambition and innovation are at the heart of Clear Books and it is a theme that has driven the research and development of our portfolio of cloud business software. If we require a tool to help us be more efficient then we build it ourselves, quickly.

Our development approach is to create the minimum viable product that is simple and that works. We use it, gather feedback and then iterate the development to improve the functionality.

The consequence of this approach is a pipeline of integrated cloud business software that we use internally to run our company. It is our mantra that when we develop software that helps us run our business more efficiently we make it available to our small business customers to benefit too.

At various stages of development and commercialisation we have the following cloud business software:

## Payroll

# OpenPayroll

When we took on our first employees we needed payroll software. Rather than purchase an off the shelf desktop package we developed a simple cloud application to integrate with Clear Books.

Today Open Payroll has matured, is RTI compliant and processes more than 2,000 payslips per month. It was launched commercially in August 2011.

## Human resources

# StaffRoom

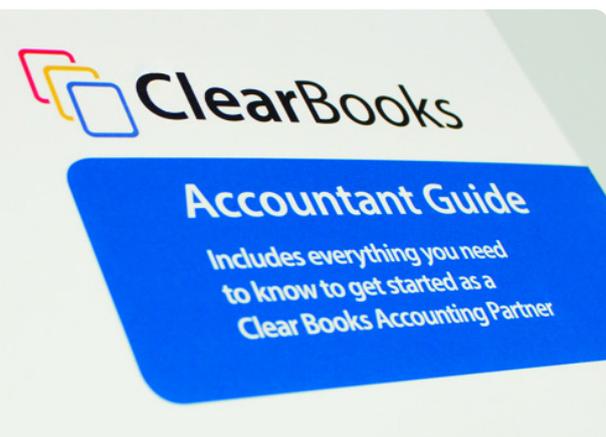
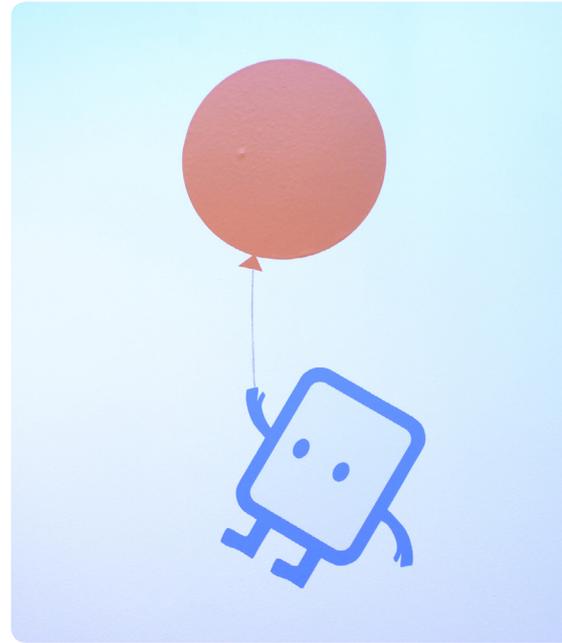
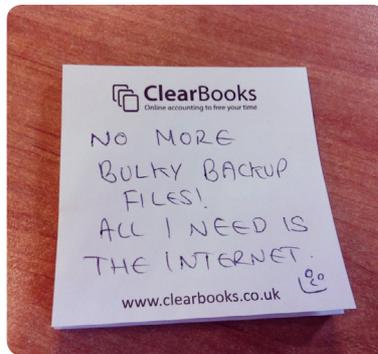
To record holiday requests and other absences from our growing team we found ourselves using spreadsheets. Spreadsheets represent everything we are trying to improve with online alternatives so we developed a simple HR system to integrate with Clear Books and Open Payroll. Staff Room was launched in May 2013.

## Document management system

# PDFCubed

Our accounting software handles the upload of attachments such as receipts and invoices so it was a natural progression to develop a document management system to organise these uploads. The system incorporates Optical Character Recognition ('OCR') technology which makes the documents fully searchable. There is potential to automatically grab invoice data from scanned documents to cut out the manual data entry and save our customers even more time.

Clear Books Pro is a key strategic initiative to become the market leader for sole practitioners wanting to run their accounting practice in the cloud. We believe that focusing on this niche will in the long term give us the best platform to reach the four million businesses in the UK, our ultimate goal.



## Accountants

It is our belief that Clear Books Pro will be the first exclusively cloud based platform serving accountants wanting to run their practice online.

IRIS is a close comparison and offers a mix of desktop and cloud software to accountants.

We are building a team, website, brand and product that services the accountant niche specifically. According to the Office for National Statistics ('ONS') there are 35,150 accounting practices in the UK of which 21,635 have revenue of less than £100,000. There are 10,060 accounting practices less than three years old. It is these segments we are targeting with Clear Books Pro.

150 accounting practices are subscribed to Clear Books so the upside to increase market share is clear. The appealing opportunity of working with accountants is the onboarding of their clients.

For example, existing accounting partners who have really embraced Clear Books and the cloud have 50 to 200 clients subscribed.

Accountants typically use several different software products and services to run their practice. We plan to revolutionise this disparate approach by providing a highly integrated single solution in the cloud. Clear Books Pro will be a pick and mix offering which includes our existing business software tailored to the accountancy profession.

- Accounting
- Payroll
- Human Resources
- Document Management
- Email Marketing

We intend to extend these services to include the following:

## Final accounts production

## FinalAccounts

Final Accounts is due for a 2013 launch. It will provide iXBRL accounts generated automatically from data within the Clear Books accounting application or from data imported from a trial balance. Both abbreviated and full accounts will be available.

## Lead generation



Clear Books owns the directory of accountants, Find-UK-Accountant.co.uk. Lead generation for accountants is provided via a quote request system that small businesses complete on the website. We intend to incorporate this service fully into our platform and scale up the lead generation.

## Practice management



Accounting practices using Clear Books currently have exclusive access to our Partner module which offers basic practice management tools. We intend to work with our accounting partners to scope out the roadmap to help sole practitioners run and organise their practice in the cloud.

## Web design & hosting

The team recently completed a project to create and host a website for an accounting practice, Beaufort Chancery.

We tightly integrated the Clear Books login and signup within the accountant's website. This provided a new lead generation opportunity to put cloud accounting software at the heart of the accountant's value proposition.

We believe this will help accountants compete with quasi accounting practice / cloud accounting software providers such as Crunch Accountants.

### Did you know?

6.6% of Clear Books customers work in general building or construction services.



In May 2013 we launched an entry level version of Clear Books in partnership with the growing franchise CheapAccounting.co.uk. It is aimed at those clients who do not require full functionality such as invoicing. This cash book version, Clear Books Lite, was launched to all our accounting partners in August 2013.

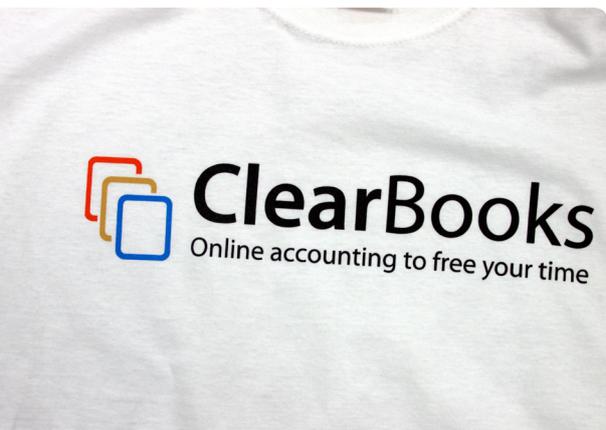
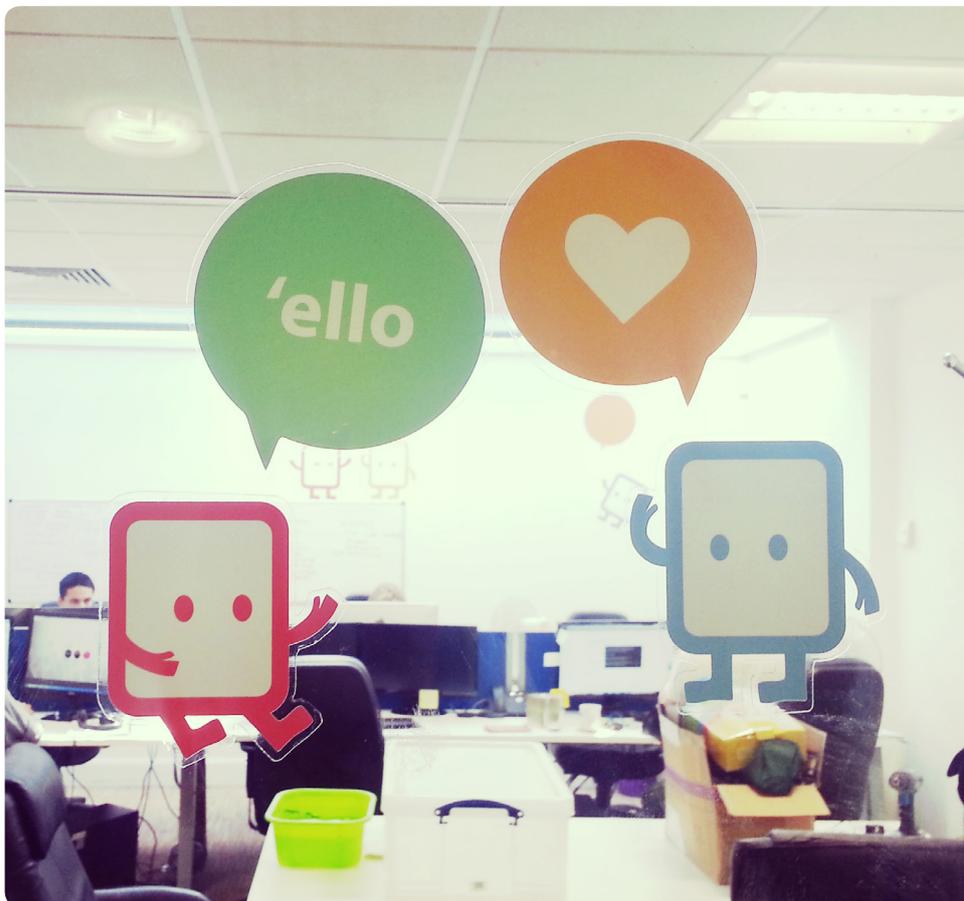
## Tax

For a complete portfolio of cloud services for sole practitioners we plan to deliver cloud corporation tax filing and self assessment software.

## The accountant channel opportunity



On the 9th September 2013 Clear Books Limited was re-registered as a public limited company, Clear Books plc, to raise our profile, increase transparency and allow us to pursue public funding options.





### Tim Fouracre ACA - Director, CEO & founder

Tim graduated from the University of Nottingham with a degree in Mathematics in 2003. He worked at Fubra Ltd as web developer and later qualified as a Chartered Accountant at KPMG in 2007. He worked in the City at Arbuthnot Securities as an Equity Research Analyst and founded Clear Books in July 2008. He developed the original Clear Books application, sits on the General Council of BASDA, is a member of the ICAEW and won Hammersmith and Fulham's young entrepreneur of the year award in 2012.



### Fubra Ltd - Director & co-founder

Fubra Ltd is a corporate director of the Company and has two representatives on the Board, Brendan McLoughlin and Paul Maunders.



#### Brendan McLoughlin

Brendan is the Managing Director of Fubra Ltd, a company he founded in 2000 focused on web hosting and online advertising. Brendan has made a number of early stage investments both personally and through Fubra.



#### Paul Maunders

Paul is the Operations Director of Fubra Ltd. Paul has a wealth of experience overseeing the development of large websites and deploying complex hosting solutions. Thomas Cook is one of Fubra's blue chip hosting clients.

## Team leaders



### Lizzie Fouracre - Marketing

Lizzie spent a year teaching English in Tanzania before graduating from the University of Central England in 2008 with a degree in Media and Communications. In 2009 Lizzie joined a Microsoft Consultancy on a graduate business scheme before joining Clear Books in 2010.



### Adrian Clay - Engineering

Adrian graduated from Imperial College London with a First Class degree in Computing. After working at Clear Books for three months in 2011 as part of a summer internship he joined Clear Books full time in July 2012 to lead the engineering team.

## Shareholders

Shareholder	Ordinary Shares	Percentage Ownership
Tim Fouracre	1,008,000	50.0%
Fubra Ltd	957,600	47.5%
WAKR! Holdings B.V.	50,400	2.5%

# Investment programme

The principal assumptions upon which the prospective financial information is based are summarised below and are subject to the risks specified in the section [Risk factors](#) on pages 32-38 of this document.

The prospective financial information for each 12 month period to 23rd September 2014 and 23rd September 2015 has been prepared on the basis of assumptions as to future events that the Directors reasonably expect to occur, and in association with the actions the Directors reasonably expect to take, as at the date the information was prepared. However, these matters are not promised or guaranteed and prospective Investors should rely on their own assessments based on evaluations by their own professional advisers as to the quality of these assumptions and the weight to be placed on them.

The prospective financial information has been prepared for the purposes of this Share Information Document and may not be suitable for any other purpose. There is no present intention to update this prospective financial information or to publish the prospective financial information in the future. Prospective Investors must consider the assumptions described below in order to fully understand the prospective financial information.

## Assumptions as to future developments

- Head count to increase to 30 in the first twelve months rising to 42 by the end of the second.
- Operating costs to increase to £1,039k in the first twelve months rising to £1,720k in the second.
- Marketing spend to increase to £237k in the first twelve months rising to £576k in the second.
- Investment in property plant and equipment to increase to £65k in the first twelve months rising to £108k in the second.
- By the end of this two year forecast we intend to approach break even on a cash flow basis. Going forward beyond that point we would expect incremental income to be cash generative and for the Company to turn a profit.

# Prospective statement of cash flows

23rd September 2014 23rd September 2015

## Cash Flows from Operating Activities

Total Income	948,566	2,303,986
Operating Costs	-1,038,667	-1,720,267
Marketing Spend	-237,141	-575,996
Total Costs	-1,275,808	-2,296,263

## Cash Flows from Investing Activities

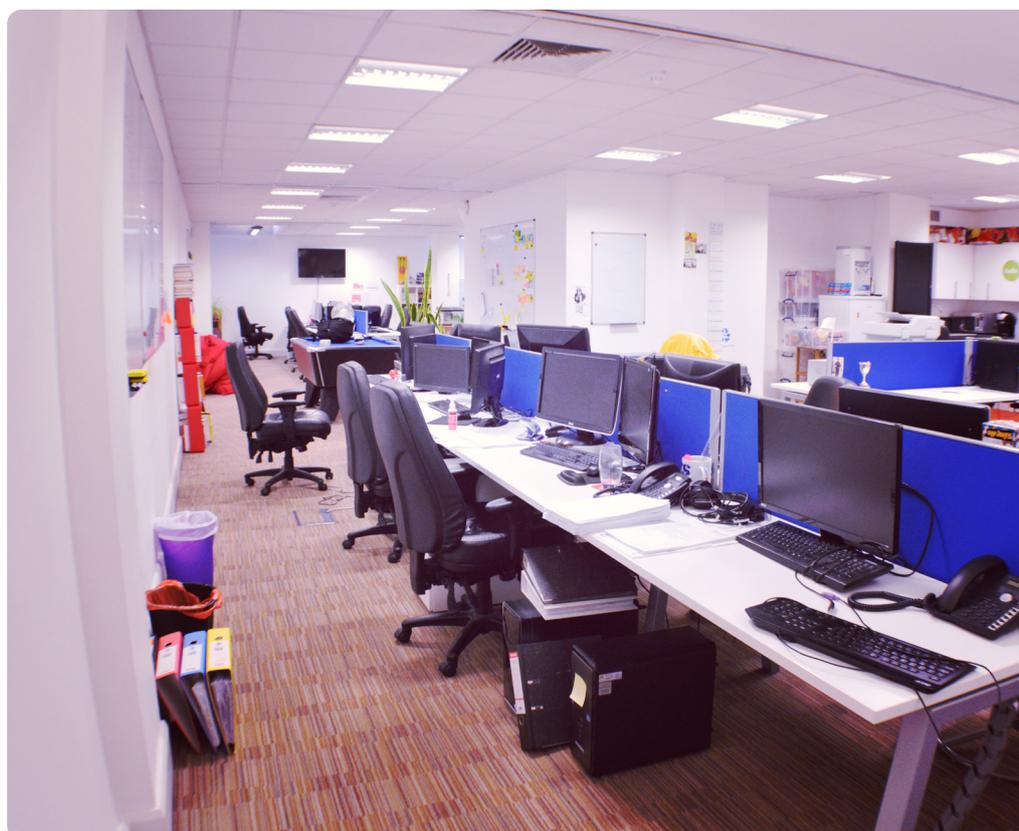
Payments for Property, Plant and Equipment	-64,917	-107,517
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## Cash Flows from Financing Activities

Investment	839,913	0
Net Increase/(Decrease) in Cash and Cash Equivalents	447,754	-99,794
Opening Net Cash	102,867	550,621
Closing Net Cash	550,621	450,827

Figures in the table above are shown in £s.

The above projections are subject to the [Assumptions as to future developments](#) stated on page 24, the [Risk factors](#) set out on pages 32-38 of this document and the [Important notice](#) on pages 2-3 of this document.



## Market leader

We intend (subject to the qualifications set out under the heading Flexibility on the next page of this document) to use the funds raised by the Share Offer in this round of fundraising to put Clear Books Pro in pole position to become a market leader for UK sole practitioners to run their accounting practice in the cloud.

## Sales & marketing

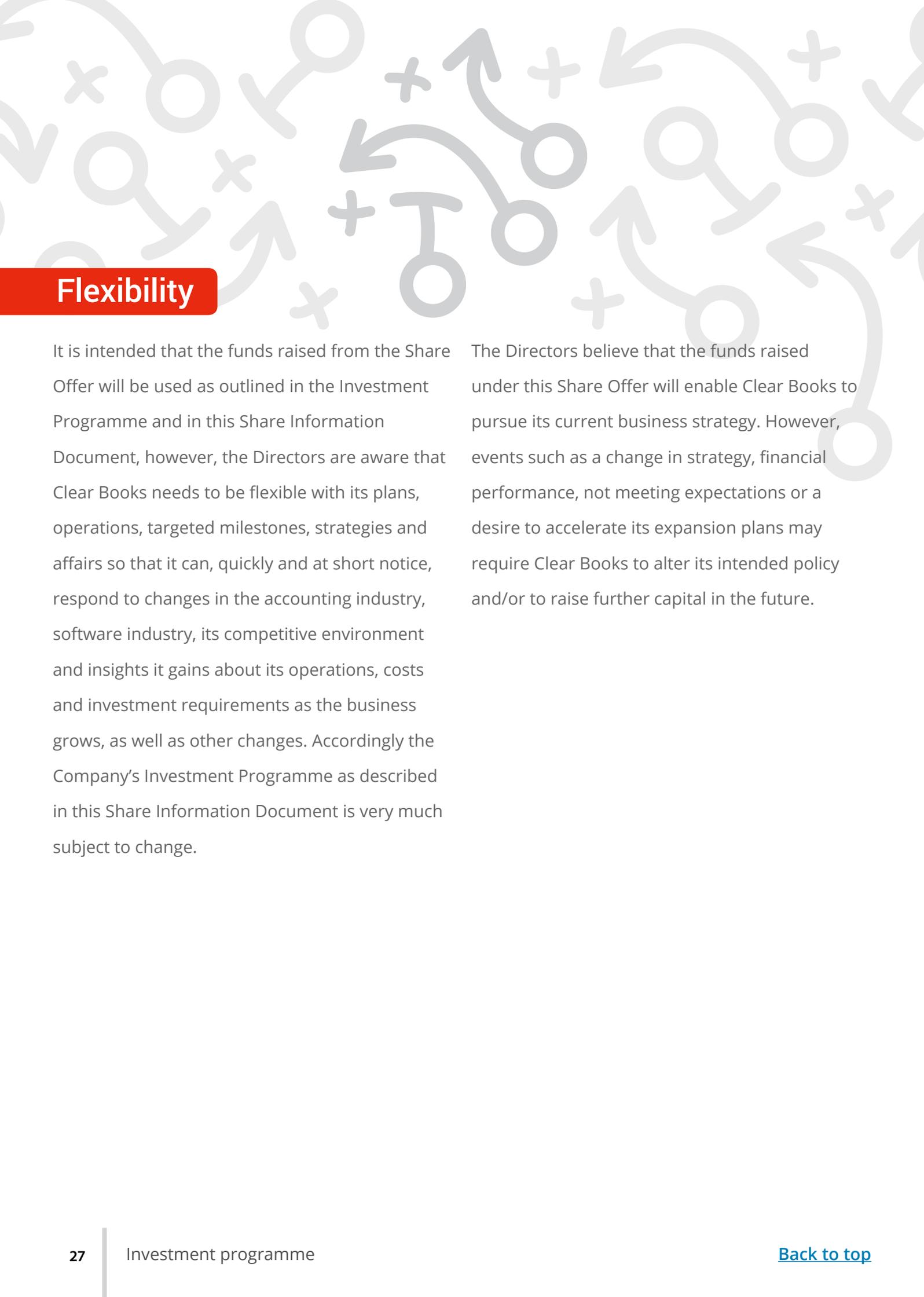
We intend to scale up our sales and marketing activity to raise the profile of Clear Books Pro in the accounting profession including:

- Clear Books Pro website
- Accountant exhibitions
- Industry survey and distribution
- Display advertising
- Pay per click advertising
- Mailshot campaign
- Lead generation
- Account management
- Telesales
- Email marketing

## Recruitment

We intend to strengthen our team to accelerate the delivery of the Clear Books Pro framework as detailed in the section of this document headed Clear Books Pro.





## Flexibility

It is intended that the funds raised from the Share Offer will be used as outlined in the Investment Programme and in this Share Information Document, however, the Directors are aware that Clear Books needs to be flexible with its plans, operations, targeted milestones, strategies and affairs so that it can, quickly and at short notice, respond to changes in the accounting industry, software industry, its competitive environment and insights it gains about its operations, costs and investment requirements as the business grows, as well as other changes. Accordingly the Company's Investment Programme as described in this Share Information Document is very much subject to change.

The Directors believe that the funds raised under this Share Offer will enable Clear Books to pursue its current business strategy. However, events such as a change in strategy, financial performance, not meeting expectations or a desire to accelerate its expansion plans may require Clear Books to alter its intended policy and/or to raise further capital in the future.

# Financial information

The information below is extracted from Clear Books' unaudited financial statements.

## Summary profit and loss

	Year Ended 31 March 2013	* 6 Months Ended 31 March 2012	Year Ended 30 September 2011	Year Ended 30 September 2010	Year Ended 30 September 2009
Income	473,565	186,122	206,243	49,338	1,405
Cost of Sales	-121,609	-10,613	-27,602	-2,134	-
Gross Profit	351,956	175,509	178,641	47,204	1,405
Admin Costs & Tax	-416,830	-263,469	-270,275	-65,459	-1,350
<b>Profit/ (Loss)</b>	<b>-64,874</b>	<b>-87,960</b>	<b>-91,634</b>	<b>-18,255</b>	<b>55</b>

Figures in the table above are shown in £s.

## Summary balance sheet

	Year Ended 31 March 2013	* 6 Months Ended 31 March 2012	Year Ended 30 September 2011	Year Ended 30 September 2010	Year Ended 30 September 2009
Fixed Assets	35,546	30,678	20,341	3,968	0
Cash	228,009	139,492	92,766	66,501	20,695
Other Assets	106,414	14,193	34,804	15,258	10,205
Total Assets	369,969	184,363	147,911	85,727	30,900
Shareholder Loans	-199,110	-296,154	-242,692	-101,563	-30,000
Other Liabilities	-133,345	-86,009	-15,081	-2,360	-841
Total Liabilities	-332,455	-382,163	-257,773	-103,923	-30,841
<b>Net Assets / (Liabilities)</b>	<b>37,514</b>	<b>-197,800</b>	<b>-109,862</b>	<b>-18,196</b>	<b>59</b>

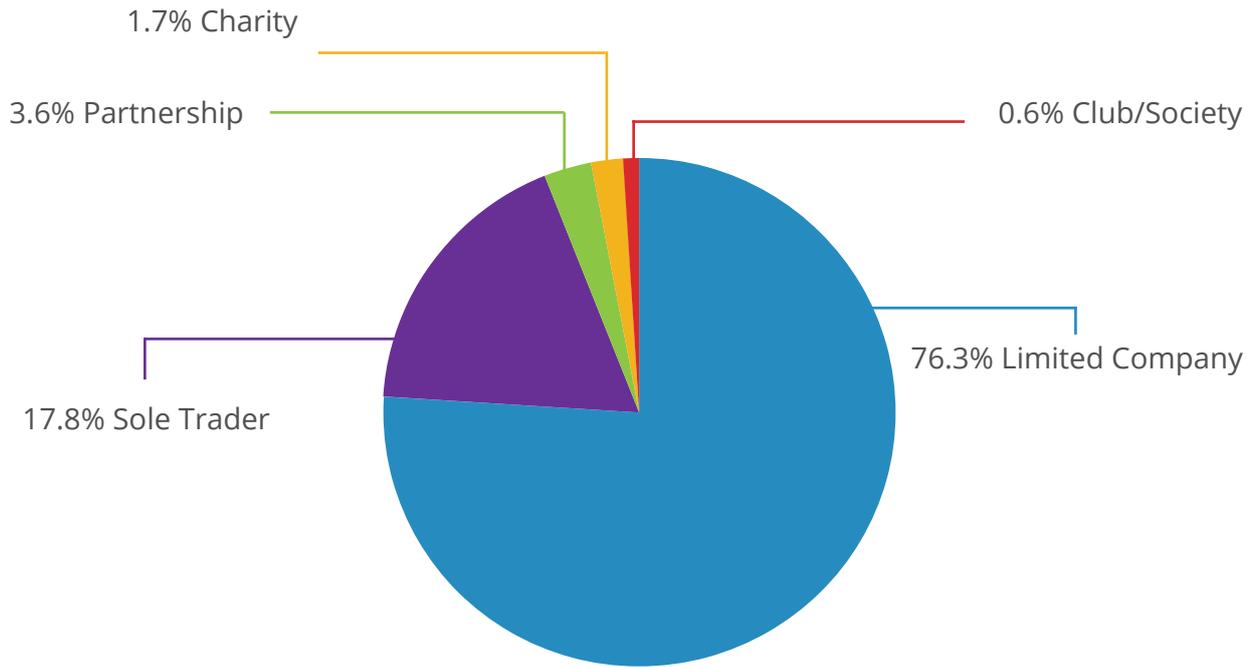
Figures in the table above are shown in £s.

The Company has historically been funded by Shareholder Loans. This has allowed the Company to run at a loss to expand the business faster than would otherwise have been possible.

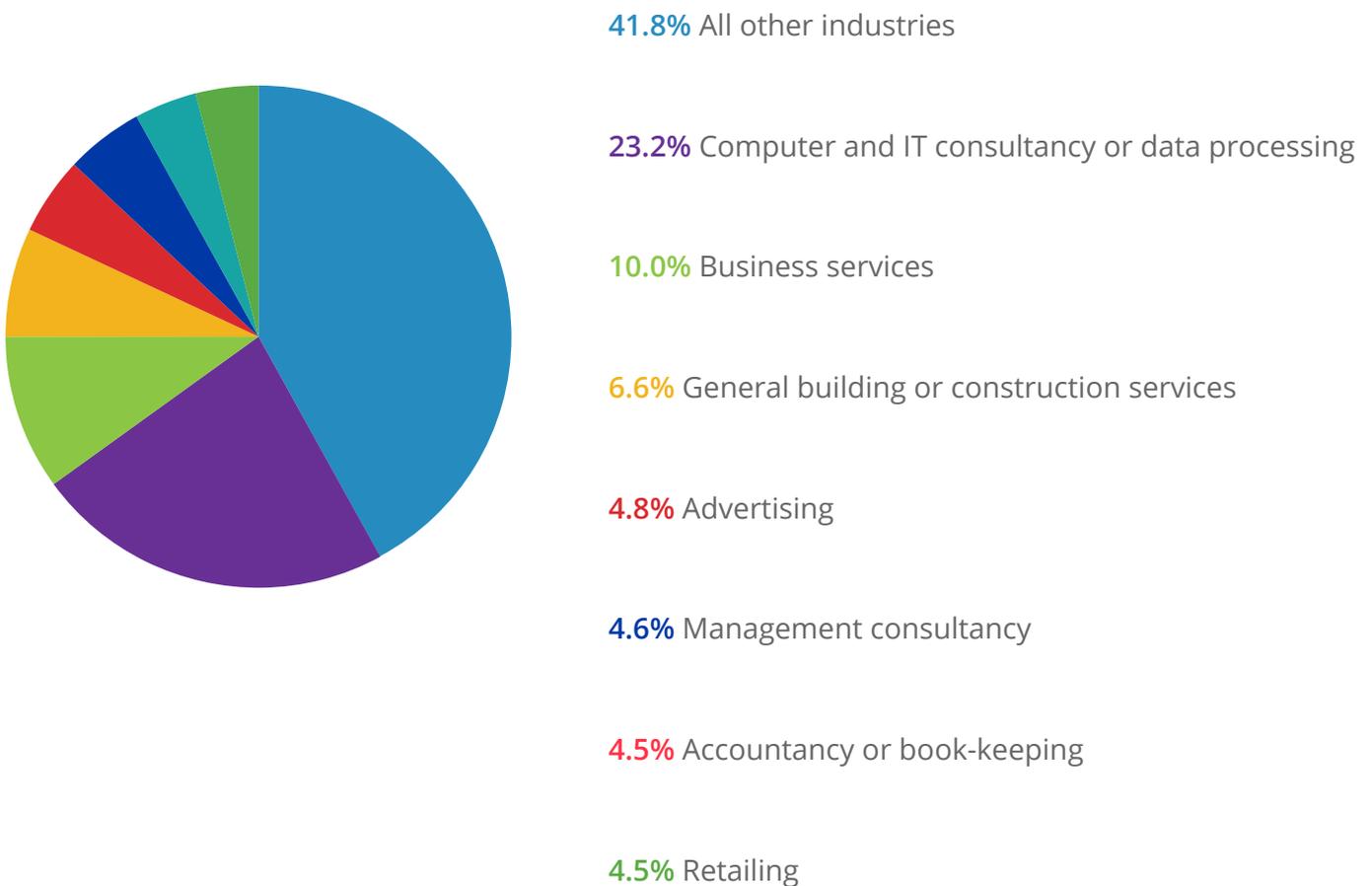
The Company's audited balance sheet as at 31 July 2013 can be found in the Further information. As at 31 July 2013 Shareholder Loans had been reduced down to £35,000.

\* Note this is a six month financial period. The Company changed its year end from September to March.

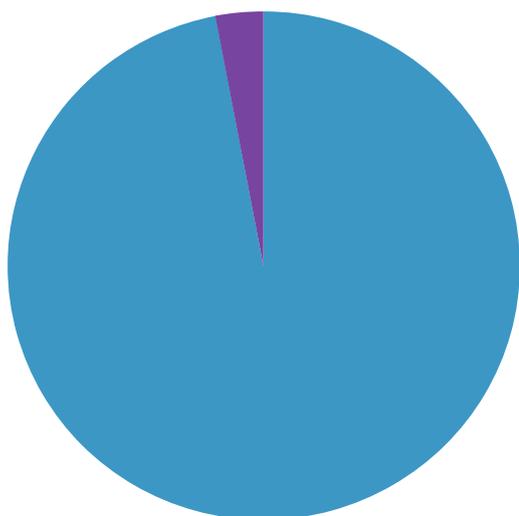
## Organisations using Clear Books



## Customers by industry



## Customers by country



**96.9% United Kingdom**

3.1% All other countries

Clear Books is used in 72 different countries around the world, but we are currently focused on the UK market.

## Customers by sales

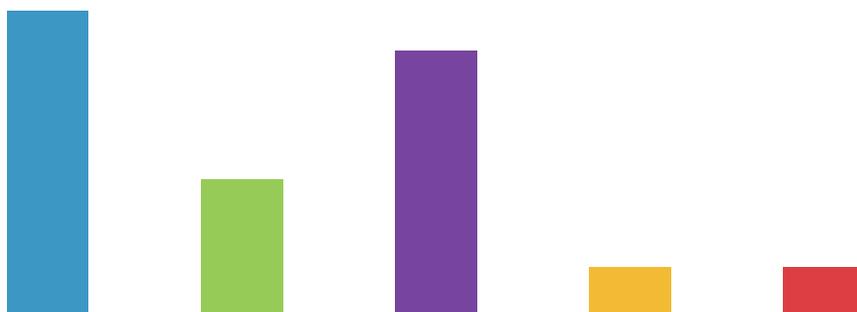
**37.8% £0-50k**

17.1% £50k - £100k

33.3% £100k - £500k

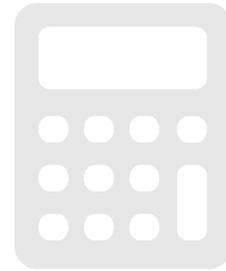
6.0% £500K - £1m

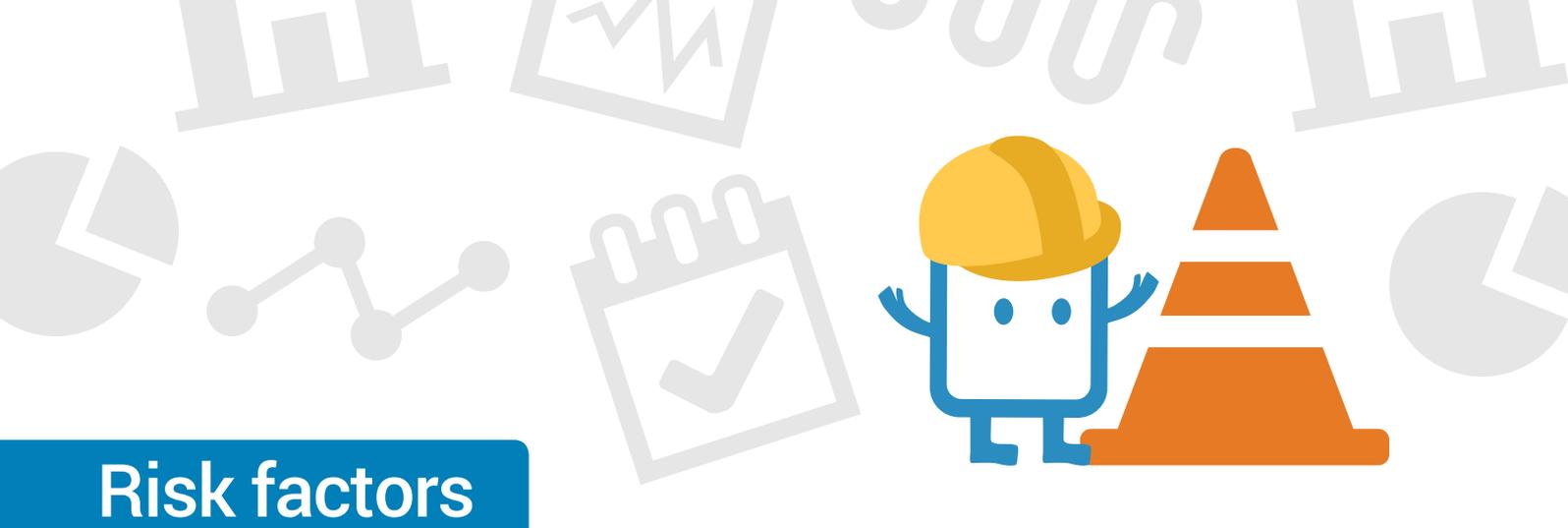
5.8% £1m+



# Summary of the company's articles

The New Ordinary Shares will rank pari passu with existing Ordinary Shares. There will be no changes to the Company's Articles of Association.



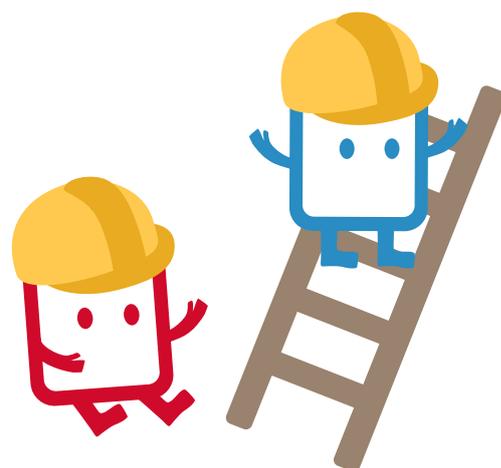


## Risk factors

This Share Information Document contains forward-looking statements which have been made after due and careful enquiry and are based on the Directors' current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Prospective Investors should carefully consider the specific risk factors set out below in addition to the other information contained in this Share Information Document and take their own independent professional advice, before making any investment decision.

Before making a final investment decision, prospective Investors should consider carefully in conjunction with their own independent professional advisers whether an investment in the Company is suitable for them. Prospective Investors are recommended to consult an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities. Prospective Investors should consider carefully whether an investment in the Company is suitable in the light of their own personal circumstances and the financial resources available to them.





## Investing in unquoted securities

An investment in the Company described in this Share Information Document is speculative and should only be undertaken by investors capable of evaluating the potential risks and merits of such an investment and who have sufficient resources to bear any loss that might result from such an investment.

Potential Investors ought to carefully review the Articles of Association of the Company to ensure they are familiar with the rights and restrictions pertaining to their shares. Clear Books is an unlisted public limited company. There are no plans to seek a public listing or quotation on any recognised investment exchange or other market for the New Ordinary Shares. Clear Books will not be subject to the Listing Rules of the United Kingdom Listing Authority, the AIM Rules, the UK Corporate Governance Code or any other similar rules or regulations applying to companies with securities admitted to or traded on a regulated market or exchange. Accordingly, shareholders in Clear Books will have neither the rights nor protections available to shareholders in publicly quoted companies.

The value of the New Ordinary Shares may go down as well as up and investors may not recover the amount invested. There is as yet no recognised market for the New Ordinary Shares to be issued by the Company. Accordingly it may be difficult for investors to sell their shares at what they consider to be a reasonable price and in some circumstances it may be difficult to sell them at any price or otherwise realise their investment. In addition, it may be difficult to obtain reliable information about the value of their shares or the extent of the risks to which they are exposed. In the worst case scenario, Clear Books may not be successful and its shareholders could lose all of the money that they have invested. Potential Investors should therefore not invest in Clear Books unless they have carefully thought about whether they can afford to lose it and whether such an investment is right for them.

Certain information in this Share Information Document is based on current taxation and other legislation which may change in the future and any change in the levels and bases of such taxation or such legislation may affect the value of an investment in the Company.



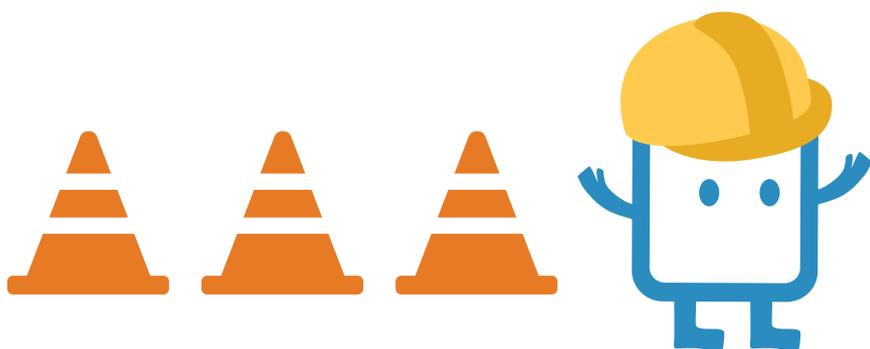
## Company's operations & business

The Directors expect the Company's business plan to evolve as the Company develops and there is therefore no guarantee that the development of the business will proceed as envisaged in this Share Information Document.

If the amount raised in accordance with this Offer is less than the targeted maximum amount, there may be an impact on the ability of the Company to achieve its plans as envisaged in this document or further financing may be required in order for its plans to be achieved, either of which may have a negative impact upon investors and the growth of the Company.

There is no guarantee that any further funding rounds will be priced at a share value greater than the New Ordinary Shares being offered through this Share Information Document in which case investors in this round may be materially diluted.

The management team employed to drive forward the Company may not be as successful as expected, either because the team was not in place on a timely basis or because the team was not suitable to the Company and its business. The completion of the management team may not be achieved in the timings or at the costs currently envisaged.



The Company's operating and other expenses could increase without a corresponding increase in turnover, materially impacting the Company's financial results. Factors which could increase operating and other expenses include, but are not limited to, the following:

- (a) increases in the rate of inflation;
- (b) increases in taxes and other statutory charges;
- (c) changes in laws, regulations or government policies which increase the costs of compliance with such laws, regulations or policies;
- (d) increased marketing spend;
- (e) increased staff costs.

The Company is dependent on key Directors and personnel for its future success. The Directors cannot give assurances that they or members of the management team will remain with the Company. The failure to retain or recruit suitable replacements for any of the Directors or other key employees could damage the Company's business.

The Company has agreements with all of its key suppliers and is reliant on positive and continuing relationships with its suppliers. Termination of those agreements, variations in their terms or the failure of a key supplier to comply with its obligations under these agreements (including if a key supplier were to become insolvent) could have a negative effect on the Company.

It is important that the Company has the ability to maintain and enhance the image of its existing products. The image and reputation of the Company's products may be impacted for various reasons including litigation or complaints from customers/regulatory bodies resulting from quality failure. Such concerns, even when unsubstantiated, could be harmful to the Company's image and the reputation of its products. Deterioration in the Company's brand equity (brand image, reputation and product quality) may have a negative effect on its operating results, financial condition and prospects.



## Accounting software industry & the general economy

Changes in the general economic climate could have a detrimental impact on business expenditure and on the Company's revenue. It is possible that recessionary pressures and other economic factors (future potential rising interest rates, higher unemployment and tax increases) may decrease the income that customers have available to spend on accounting software and may adversely affect customers' confidence and willingness to spend. This could lead to a reduction in the Company's revenues.

## Regulatory framework applicable to the company

Changes in taxation, legislation, law and the regulatory environment both in the UK and internationally could have a detrimental impact on business expenditure resulting in a reduced need for accounting services by individuals or companies. This could negatively impact the Company's revenue.

## Suitability

An investment in Clear Books may not be suitable for all addressees of this Share Information Document. Potential Investors are accordingly advised to consult an independent professional adviser authorised for the purposes of FSMA who specialises in investments of this kind before making any decision to invest. A potential Investor should consider carefully whether an investment in Clear Books is suitable in the light of his or her personal circumstances and the financial resources available to him or her.

## Failure to raise funds

Clear Books may fail to raise the full £839,913 that it is seeking which may adversely affect the Company's ability to market and recruit as outlined in the Investment programme. This may have a negative knock on effect on the Company's revenue.

## Security & data

Loss or theft of data and other security risks could adversely affect the Company's reputation and revenue. Such risks cannot be eliminated but the Company does its best to reduce them by ensuring its cloud accounting software has been accredited by the Institute of Chartered Accountants in England and Wales ('ICAEW') and the Institute of Certified Bookkeepers ('ICB'). The Company currently has Professional Indemnity Insurance cover of up to £1,000,000.

## Liquidity

Liquidity risks exist for most businesses. The Company attempts to reduce this risk with its business model of collecting subscription revenue on a monthly basis in advance. If customers do not pay their subscriptions in advance then their access to the system is temporarily disabled until payment is settled.

## Dividends

There is no guarantee that dividends will be paid or if they are paid that they will be maintained at any particular level.

## Other

Clear Books holds funds at Barclays Bank and proposes to hold funds at this and/or other UK FTSE 100 banks. Any failure by any such bank would negatively impact upon the Company.

Any changes in employment law raising the costs of labour, redundancy, compensation or pensions for the Company in respect of its employees would adversely affect the profitability of the Company.

New entrants to the market or increased investment by competitors could adversely affect the profitability of the Company and its future market share.



# EIS

## The Enterprise Investment Scheme

The Company has received advanced assurance from HMRC that the Offer Shares will meet the necessary qualifying conditions for EIS.

Individuals subscribing for Offer Shares may qualify for a number of tax reliefs as follows:

**1.** Income Tax relief - An individual investor is entitled to a reduction in their income tax liability of an amount up to 30% of the sum invested in the Company, thereby reducing the net cost of their investment to 70% of the subscription price. The quantum of the relief is limited to an amount which reduces the investor's income tax liability to nil.

There is also an aggregate limit per tax year on income tax relief under EIS of £1,000,000 of qualifying investments. To the extent that the preceding tax year's limit has not been fully utilised, an investor may choose to elect to have an EIS qualifying investment made in one tax year treated as if it were made in the previous tax year and for EIS income tax relief to be claimed in that earlier year. In the event that the Offer Shares are disposed of before the Company has been trading for a period of at least three years, any income tax relief granted will be clawed back.

**2.** Capital Gains Tax ('CGT') exemption - Any gains realised on the disposal of Offer Shares where income tax relief was granted in accordance with the above paragraph are exempt from CGT, provided that the Offer Shares have been held for a period not less than three years from the date the Company commences trading.

**3.** CGT deferral - It is possible for an investor to defer the payment of CGT on other gains by 'rolling over' these gains into an investment in Offer Shares. This deferral relief is available for gains realised on disposals of any asset within the period commencing three years prior and ending one year after the acquisition of the Offer Shares. Whilst there are annual limits on the amount of investment that will qualify for income tax relief and CGT exemption, there is no upper limit on the amount of capital gains that may be deferred in this way. On disposal of the Offer Shares, the deferred gain then falls back into charge and will be taxed in accordance with the rates and allowances then in force. In the event that an investor dies whilst still owning the Offer Shares, the deferred gain is extinguished.

**4.** Inheritance Tax ('IHT') relief - Offer Shares will qualify as business property for IHT purposes. Provided an investor has held the Offer Shares for a minimum of two years, 100% business property relief will apply such that, where the Offer Shares are still owned at the time of death of an investor, no IHT will be payable on the value of the Offer Shares.

**5.** Income Tax relief for losses - If, on the disposal of the Offer Shares at any time, a loss is made, the amount of the loss (after taking account of any income tax relief received) will be available to offset against either income tax or capital gains tax for the investor. Where income tax relief is claimed for the loss, the loss can be claimed for the tax year in which the disposal takes place, the preceding tax year or both years as appropriate.

**6.** CGT relief for losses - In the event that an investor wishes to claim the loss against capital gains, this is available to offset against gains realised in the same tax year. To the extent that the losses exceed gains in that year, any surplus loss is available to carry forward indefinitely to set-off against future gains.

The information above about the Enterprise Investment Scheme and tax relief on it is based on current law and practice and is intended to be a general guide only and is not intended to be nor should it be construed as legal or tax advice and prospective Investors should seek advice in relation to their own circumstances from their advisers. The tax treatment of any investment depends upon the individual

circumstances of each potential Investor and may be subject to future change. There is no guarantee that EIS status will be maintained and if it were to be lost for any reason this could result in a loss of tax relief or a liability to tax. The tax rules, or their interpretation in relation to an EIS investment, may change during the holding period for the investment and such change may apply retrospectively or have retroactive effect.





ClearBooks plc

## Directors, secretary & registered office

### Executive Directors

Tim Fouracre, Fubra Ltd

### Company Secretary

Tim Fouracre

### Registered office

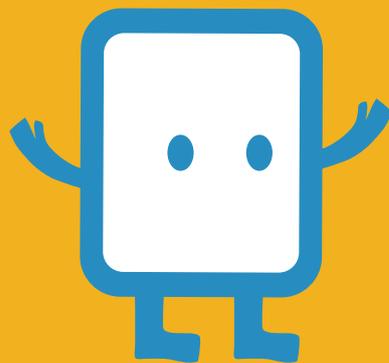
Masters House, 107 Hammersmith Road,  
London, W14 0QH





# ClearBooks

Terms & conditions of a share application



# Terms & conditions of a share application

## Introduction

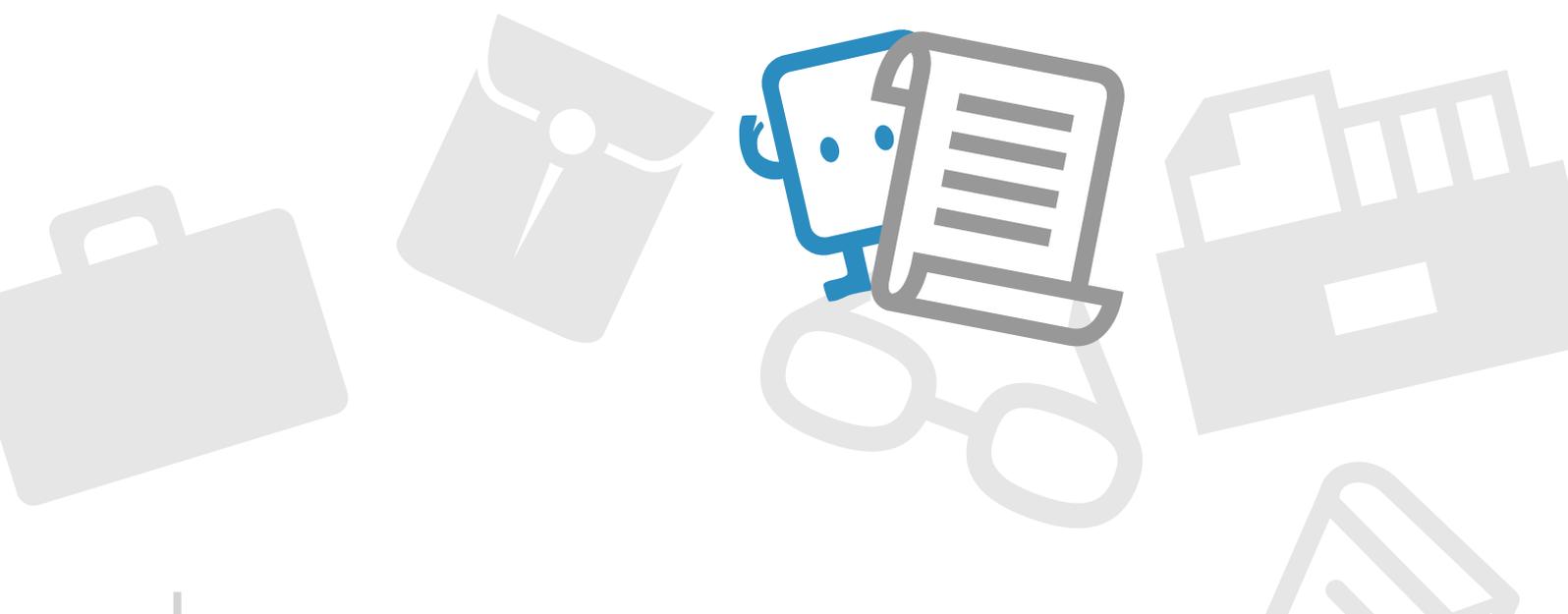
The Company proposes to issue up to 93,950 Ordinary Shares (the 'New Ordinary Shares') at a price of £8.94 per share in order to raise gross proceeds of up to £839,913 by way of the Offer.

Upon completion of the Offer, assuming all New Ordinary Shares are subscribed for, the New Ordinary Shares will represent approximately 4.5% of the enlarged issued share capital of the Company. The enlarged issued share capital will be 2,109,950 Ordinary Shares.

## Allotment

The basis of the allotment of New Ordinary Shares will be determined by the Directors of the Company at their absolute discretion. The right is reserved to reject any application or to accept any application in whole or in part or to scale down any applications or to accept applications on a 'first come first served' basis.

If any application is not accepted, the amount paid on application will be returned without interest, in each case by cheque sent through the post at the applicant's risk.



## Territory

No person receiving a copy of this Share Information Document and/or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation to him or her, nor should he or she in any event use such Application Form unless in the relevant territory such an invitation could lawfully be made to him or her or such Application Form could lawfully be used without compliance with any registration or other legal requirements.



It is the responsibility of any person resident or domiciled outside the United Kingdom wishing to make an application hereunder to satisfy himself or herself as to full observance of the laws of the relevant territory in connection therewith including obtaining any governmental or other consents which may be required or observing any other formalities needing to be observed in such territory.

The New Ordinary Shares have not been nor will they be registered under the United States Securities Act of 1933, as amended (the 'Securities Act') or the Securities Exchange Act of 1934, as amended, and the relevant exemptions are not being obtained from the securities regulatory authority of Canada. Except in a transaction which is exempt under the relevant legislation, the New Ordinary Shares may not be directly or indirectly offered, sold or delivered in the United States, Canada or Australia or to US persons or to persons resident in Canada or Australia nor may an Application Form be lodged by any such persons.

For the purposes of this Share Information Document, 'United States' means each state of the United States of America (including the District of Columbia), its territories, possessions and all areas subject to its jurisdiction. 'Canada' means Canada and each province thereof. 'Australia' means Australia and each state or territory thereof. 'US person' has the meaning given in Regulation S promulgated under the Securities Act and 'resident in Canada' means a citizen, national or resident of Canada, the estate of any such person, a partnership, corporation or other entity created or organised in or under the laws of Canada, or any estate or trust the income of which is liable to Canadian income tax regardless

of its source. 'Resident in Australia' means a citizen, national or resident of Australia, the estate of any such person, a partnership, corporation or other entity created or organised in or under the laws of Australia, or any estate or trust the income of which is liable to Australian income tax regardless of its source.

Each person who completes an Application Form warrants that he or she is not a US person or a person resident in Canada or Australia and that he or she will not hold or acquire any of the Ordinary Shares for the account or benefit of any US person or person resident in Canada or Australia or with the view to the offer, sale or delivery directly or indirectly of any Ordinary Shares in the United States or Canada or any province thereof or Australia or any state or territory thereof or to or for the account of any US person or person resident in Canada or Australia.

Persons resident in other overseas territories should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in the Offer.





Your offer must be made on the Application Form. By completing and submitting an Application Form you as the applicant and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:

**A.** Irrevocably offer to take under the Offer (which constitutes an invitation to treat) the number of New Ordinary Shares specified in the Application Form, on the terms of, and subject to, the conditions set out in this Share Information Document, including these terms and conditions and subject to the Memorandum and Articles of Association of the Company.

**B.** Agree that you will accept the number of New Ordinary Shares allotted to you in accordance with the paragraph above or such lesser number of New Ordinary Shares in respect of which this application may be accepted.

**C.** Agree that all applications, acceptances, allotments and contracts arising from this application will be governed by and construed in accordance with English law.

**D.** Warrant that if you sign and submit the Application Form on behalf of somebody else or on behalf of a corporation or jointly on behalf of yourself and another person or a corporation you have the authority to do so and such person will also be bound accordingly and will be deemed also to have given the confirmation, warranties and undertakings contained in these terms and conditions of application.

**E.** Confirm that you are not relying on any Company information or representations other than those contained in this Share Information Document.

**F.** Warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if it is not honoured the Company may (without prejudice to any other rights it may have) void the agreement to allot the relevant New Ordinary Shares and may allot them to some other person in which case you will not be entitled to any refund or payment in respect thereof.

**G.** Agree this application constitutes an irrevocable offer to the Company which shall become binding upon submission of the Application Form and, if accepted by the Company, create a legally-binding agreement.

**H.** Do not expect the Company or any of its advisers to provide you with any duty or responsibility similar or comparable to the 'suitability' rule of The Financial Conduct Authority and acknowledge that you are taking shares under the Offer on an 'execution only' basis.

**I.** Agree that, having had the opportunity to read this Document, you are deemed to have had notice of all information and representations concerning the promotion, the Offer and the New Shares contained herein (whether or not so read).

**J.** Confirm that (save for advice received from your financial adviser) in making such application you are not relying on any information or representation in relation to the Company other than those contained in this Document and you accordingly agree that no person responsible solely or jointly for this Document or involved in the preparation thereof will have any liability for any such information or representation.

**K.** Agree that all Applications, acceptance of Applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law and that you submit to the exclusive jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law or in any court of competent jurisdiction.

**L.** Authorise the Company or any other person authorised by it, as your agent, to do all things necessary to effect registration of any New Shares subscribed for by you into your name and authorise any representatives of the Company to execute any document required therefore and to enter your name on the register of members of the Company.

**M.** Agree to provide the Company with any information which it may request in connection with your Application and/or in order to comply with the EIS regulations or other relevant legislation (as the same may be amended from time to time).

**N.** Warrant that, in connection with your Application, you have observed and complied with the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Company or any of its respective agents infringing any laws or acting in breach of the regulatory or legal requirements of any territory directly or indirectly in connection with the Offer or in consequence of any acceptance of your Application.

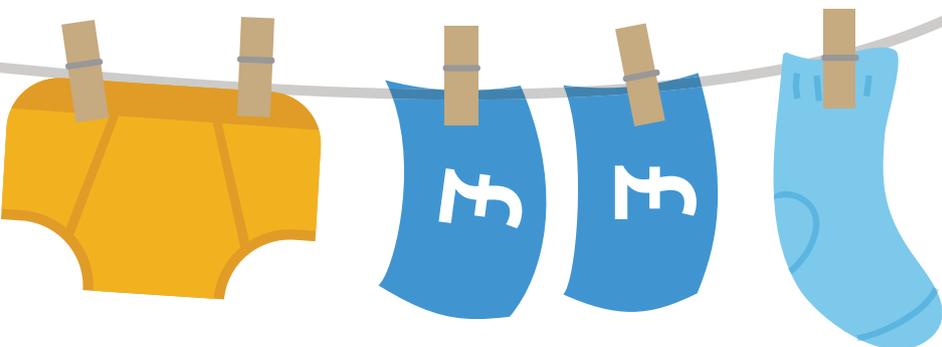
**O.** Warrant that you are not under the age of 18 years.

**P.** Warrant that you are not subscribing for the New Shares using a loan which would not have been given to you or any associate, or not given to you or any associate on such favourable terms, if you had not been proposing to subscribe for the New Shares.

**Q.** Warrant that the New Shares are allotted to you for bona fide commercial purposes and not as part of a scheme or arrangement, the main purpose of which, or one of the main purposes of which, is the avoidance of tax.

**R.** Warrant that you are not a US person or resident of Canada and that you are not applying on behalf of or with a view to the offer, sale or delivery, directly or indirectly, to or for the benefit of any US person or resident of Canada.

**S.** Warrant that the information contained in the Application Form is accurate and that the Application Form has been completed to the best of your knowledge.



## Money laundering

**A.** It is a term of the Offer that to ensure compliance (in so far as they may be applicable) with the Money Laundering Regulations 2007, the Company is entitled to require at its absolute discretion verification of identity from any person lodging an Application Form (an 'applicant') including, without limitation, any person who either:

- (i) tenders payment drawn on an account in the name of a person or persons other than the applicant;  
or
- (ii) appears to the Company to be acting on behalf of some other person.

Pending the provision of evidence satisfactory to the Company as to the identity and residential address of the applicant and/or any person on whose behalf the applicant appears to be acting, the Company, in its absolute discretion, may retain an Application Form lodged by an applicant and/or the cheque or other remittance pertaining thereto and/or not enter the applicant on the register of members or issue any share certificate in respect of them.

**B.** If verification of identity is required, this may result in a delay in dealing with an application and/or in rejection of the application. In order to avoid this, payment should ideally be made by the applicant himself in his own name.

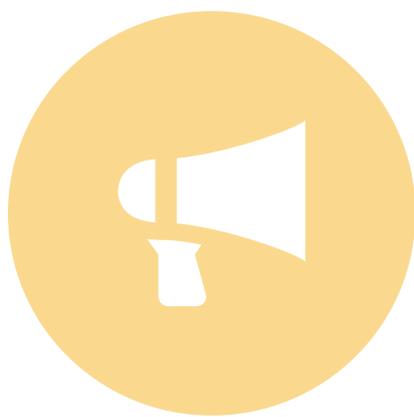
**C.** The Company reserves the right, in its absolute discretion, to reject any application in respect of which the Company considers that, having requested verification of identity or residential address, it has not received evidence of such identity or residential address satisfactory to it by such time as was specified in the request for verification of the same or in any event within a reasonable period. In the event of an application being rejected in any such circumstances, the Company reserves the right in its absolute discretion, but shall have no obligation, to terminate any contract of allotment relating to

or constituted by such Application Form (in which event the moneys payable or paid in respect of the application will be returned (without interest) to the account of the drawee bank from which sums were originally debited) in which case without prejudice to any rights the Company may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid. The submission of an Application Form will constitute a warranty and undertaking by the applicant to the Company to provide promptly to the Company such information as may be specified by the Company as being required for the purpose of the Money Laundering Regulations 2007.

**D.** Neither the Company nor its advisers shall be responsible or have any liability for loss or damage (whether actual or alleged) arising from the election by the Company or its advisers to treat an application in respect of New Ordinary Shares lodged by any applicant as invalid or to terminate any contract of allotment as a result of the Company not having received evidence as to the identity of the person lodging the relevant Application Form reasonably satisfactory to it within a reasonable time of having requested such information.

## Taxation

Certain details regarding taxation are set out in this Share Information Document. These do not constitute, and should not be treated as, advice as to the tax status or position of any applicant or potential applicant. You should consult your own independent professional adviser on your tax position.



## Communication

- A.** The Company intends to communicate updates to Investors via a new investor module within the software accessible only to Investors. This feature is intended to be implemented before 31st March 2014. This investor module will be the sole method of communication between the Directors and Investors.
- B.** Definitive certificates in respect of the New Ordinary Shares will be accessible from within the investor module. No temporary documents of title will be issued and pending the issue of definitive share certificates, transfers will be certified against the register.
- C.** All documents or remittances sent by or to an applicant, or as he/she may direct, will be sent through the post at his/her own risk. All payments under the Offer must be made in pounds sterling.
- D.** The Company reserves the right to amend how it communicates to Investors to ensure communications are efficient.

## Further information

Your attention is drawn to the terms, conditions and other information on the Application Form found at [www.clearbooks.co.uk/cloudfunding/apply](http://www.clearbooks.co.uk/cloudfunding/apply) and the further information found at [www.clearbooks.co.uk/cloudfunding/#docs](http://www.clearbooks.co.uk/cloudfunding/#docs) including the Company's Articles of Association, the Company's audited balance sheet as at 31 July 2013, a letter of advanced assurance from HMRC for EIS and the [Definitions](#) set out on page 54 of this document.

## Definitions



The following definitions apply throughout this Share Information Document, unless the context requires otherwise:

**Articles** - the Articles of Association of the Company for the time being.

**BASDA** - the Business Application Software Developers Association.

**Brunel** - Brunel Capital Ltd, a company registered in England and Wales with company number 06480836.

**Clear Books or Company** - Clear Books plc, a company registered in England and Wales with company number 06636109.

**Directors** - Tim Fouracre, Fubra Ltd.

**EIS** - the Enterprise Investment Scheme as set out in Part V of the Income Tax Act 2007.

**FCA** - the United Kingdom Financial Conduct Authority.

**FSMA** - the Financial Services and Markets Act 2000 of the United Kingdom, as amended.

**Fubra** - Fubra Ltd, a company registered in England and Wales with company number 03967214.

**ICB** - the Institute of Certified Bookkeepers.

**ICAEW** - the Institute of Chartered Accountants in England and Wales.

**Investor(s)** - a Share Applicant(s).

**Share Information Document** - this document.

**UKLA** - UK Listing Authority.

