

Registered number: 07697935

SYNDICATE ROOM LTD

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 DECEMBER 2019**



SYNDICATE ROOM LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal Activity

The company's principal activity during the year was as an online investment platform and fund manager for venture stage investments.

Business Review

In 2018 the group began a strategic review of its value proposition to investors and companies. This review was completed in early 2019 and as a result the group took steps to shift the business to become more venture fund management focussed. This was due both the shortcomings of the crowdfunding platform, and a change in the market where high potential investment companies had many more options to raise finance. The work also identified a new method of analysing a large dataset of angel investments to empirically identify the higher performing investors, and used high volume strategy simulations on the data to structure the fund for greater returns. Therefore, the group chose to focus on raising and deploying capital through a fund model, by co-investing with the highest performing angel investors to create a large diversified portfolio for each investor.

The change in the group's business model enabled an internal restructuring of the team, as much of the work would be replaced with automated data analysis and the partnerships with the high performing angel investors. The restructuring enabled total costs (excluding exceptional items) to be reduced c15% over the course of the year, with the majority of savings coming in the final months of the year. However, the shift in strategy to introduce new products has had a negative impact on immediate revenue, as the business saw a decline in its traditional revenue from the crowdfunding platform, and the new fund products have only recently started to show income.

Going into the next financial year, the group plans on growing the fund first model, as it has enabled the business to access higher quality deal flow for investors. It expects to see revenue ramp up over the subsequent years, as the fund builds a larger portfolio of assets under management, and the business introduces aligned products. The group plans on issuing additional share capital to invest into this pivoted model.

At the time of the restructuring, Goncalo de Vasconcelos, who, as our principal founder, had played the pivotal role in establishing the company, decided to retire as CEO. He remains on the board as a non-executive. Graham Schwikkard, who had been COO, was appointed by the Board to the CEO role for which he was well equipped, given his previous experience in managing data driven operations.

COVID-19 Response

The economic impact of COVID-19 on individuals has caused reduced demand for venture investment and EIS products, and therefore the business has seen a decline in its forecasted revenue for the 2020 financial year. In response, the group has placed almost half of the workforce on the government furlough scheme, reduced all non-core costs, and plans to issue share capital in the short term to provide sustaining cash for the business. The investment products are also under review to make it easier for investors to invest into the fund during this uncertain time. All employees are currently working from home, and the business has been able to switch to a remote set up as the majority of operations and communications were already being conducted online. Once the economic environment improves, the group plans to continue to implement and grow the new business model.

SYNDICATE ROOM LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Directors' responsibilities statement

The directors are responsible for preparing the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

T Bellis
T Britton
D Gill
J Milner
G Schwikkard (appointed 15 April 2019)
G Teixeira De Vasconcelos

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SYNDICATE ROOM LTD

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



G Schwikkard
Director

Date: 22/04/2020

SYNDICATE ROOM LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE ROOM LTD UNDER SECTION 449 OF THE COMPANIES ACT 2006

Opinion

We have audited the financial statements of Syndicate Room Ltd (the 'Company') for the year ended 31 December 2019, which comprise the Balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that the Company's ability to continue as a going concern requires support from the Parent Company, and its ability to raise additional share capital. Whilst the Parent Company has pledged to support the Company for a period of no less than 12 months, in order for the Parent Company to have the ability to do this it will require additional investment. The Parent Company is aiming to raise £2,000,000 within the next 12 months, in order to support the Company. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the

SYNDICATE ROOM LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE ROOM LTD (CONTINUED) UNDER SECTION 449 OF THE COMPANIES ACT 2006

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.

Opinion 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

SYNDICATE ROOM LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNDICATE ROOM LTD (CONTINUED)
UNDER SECTION 449 OF THE COMPANIES ACT 2006

Auditors' 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 Auditors' 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.

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

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.



Simon Speller FCA (Senior statutory auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Date: 22/04/20

SYNDICATE ROOM LTD
REGISTERED NUMBER: 07697935

BALANCE SHEET
AS AT 31 DECEMBER 2019

| | Note | 2019 £ | <i>As restated</i> 2018 £ |
|---|------|---------------------------|---------------------------------|
| Fixed assets | | | |
| Intangible assets | 5 | - | 218,429 |
| Tangible assets | 6 | 18,762 | 30,427 |
| | | <u>18,762</u> | <u>248,856</u> |
| Current assets | | | |
| Debtors: amounts falling due after more than one year | 7 | 42,732 | 42,732 |
| Debtors: amounts falling due within one year | 7 | 60,411 | 51,561 |
| Cash at bank and in hand | 8 | 27,155 | 34,116 |
| | | <u>130,298</u> | <u>128,409</u> |
| Creditors: amounts falling due within one year | 9 | (130,600) | (2,798,931) |
| Net current liabilities | | <u>(302)</u> | <u>(2,670,522)</u> |
| Total assets less current liabilities | | <u>18,460</u> | <u>(2,421,666)</u> |
| Creditors: amounts falling due after more than one year | | (3,412,175) | - |
| Net liabilities | | <u><u>(3,393,715)</u></u> | <u><u>(2,421,666)</u></u> |
| Capital and reserves | | | |
| Called up share capital | | 2,530 | 2,530 |
| Share premium account | | 1,924,477 | 1,924,477 |
| Profit and loss account | | (5,320,722) | (4,348,673) |
| | | <u><u>(3,393,715)</u></u> | <u><u>(2,421,666)</u></u> |

SYNDICATE ROOM LTD
REGISTERED NUMBER: 07697935

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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



G Schwikkard
Director

Date: 22/04/2020

SYNDICATE ROOM LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Syndicate Room Ltd is company incorporated in England, United Kingdom under the Companies Act 2006.

The address of the registered office is the same as its principal place of business.

The principal activity of the company is that of an independent financial advisor.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for a period of at least 12 months from following the approval of the financial statements. This is dependent upon the Company continuing to receive financial support from the parent company. The Parent Company has pledged to continue to give financial support to the company for the foreseeable future and no less than 12 months following the approval of the financial statements.

Whilst Syndicate Room Group Limited (the Parent Company) has pledged to support the Company for a period of no less than 12 months, in order for them to have the ability to support Syndicate Room Limited it will require additional investment in order to support the Company given its current level of operations and future plans. This support includes not requesting payment of the intercompany balance of £3,412,175 from Syndicate Room Limited. The Parent Company is aiming to raise £2,000,000 in share capital within the next 12 months, in order to support the Company.

The parent company's management believe that with its existing cash, the available credit facility, expected cash generated from future operations and cash from the planned share issue, it will have sufficient funds to meet the working capital and capital expenditure requirements of the group and its subsidiary, Syndicate Room Limited.

There can be no certainty in relation to these matters. However, the director considers it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments required if the parent company was not able to support the company for a period no less than 12 months from the approval of the financial statements.

SYNDICATE ROOM LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Income from set-up fees is recognised when a fund raising contract has been signed with the client company. Income arising as a result of a successful fund raising by a client company is recognised when the cleared funds have been received by investors.

In general the following criteria must be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

SYNDICATE ROOM LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

SYNDICATE ROOM LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.9 Share based payments (prior period adjustment)

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

In the periods prior to these financial statements, the value of the share options had been incorrectly valued at the grant date. Upon review of these share options the value at grant date was found to be insignificant as the exercise price was the same as the market value and thus the share based payment reserve has been reversed to the profit and loss account. See "First time adoption of FRS 102 and prior period adjustments" note for full details.

2.10 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

SYNDICATE ROOM LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. A reliable estimate of the useful life cannot be made, as such the determined useful life is ten years. However, during the period it became apparent that the intangible asset no longer had any value and as such was fully impaired during the period.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|-----------------------|-------------------------------|
| Fixtures and fittings | - 25% on cost |
| Computer equipment | - 33% on cost and 25% on cost |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.14 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment.

SYNDICATE ROOM LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.16 Cash and cash equivalents (change in accounting policy)

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

The company operates designated client bank accounts in accordance with the Client Money regulations of the Financial Conduct Authority (FCA). These accounts do not represent funds of the company and so the deposits are not recognised in the company's statement of financial position.

As of the balance sheet date, the company held client funds of £3,224,609 (2018: £2,755,003).

In the prior year this balance was included in cash at bank and in hand, and in other creditors. In accordance with FRS102 and the accounting policy above, these two balances have been offset in these financial statements. See "First time adoption of FRS 102 and prior period adjustments" note for full details.

2.17 Creditors

Short term creditors are measured at the transaction price.

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

4. Employees

The average monthly number of employees, including directors, during the year was 21 (2018 - 24).

SYNDICATE ROOM LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. Intangible assets

| | Development expenditure £ |
|-----------------------|---------------------------------|
| Cost | |
| At 1 January 2019 | 263,693 |
| At 31 December 2019 | <u>263,693</u> |
| Impairment | |
| At 1 January 2019 | 45,264 |
| Impairment charge | 218,429 |
| At 31 December 2019 | <u>263,693</u> |
| Net book value | |
| At 31 December 2019 | <u>-</u> |
| At 31 December 2018 | <u>218,429</u> |

SYNDICATE ROOM LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

6. Tangible fixed assets

| | Fixtures and fittings £ | Office equipment £ | Total £ |
|-------------------------------------|-------------------------------|--------------------------|---------------|
| Cost or valuation | | | |
| At 1 January 2019 | 27,465 | 34,135 | 61,600 |
| Disposals | 750 | - | 750 |
| At 31 December 2019 | <u>28,215</u> | <u>34,135</u> | <u>62,350</u> |
| Depreciation | | | |
| At 1 January 2019 | 15,423 | 15,750 | 31,173 |
| Charge for the year on owned assets | 5,085 | 7,330 | 12,415 |
| At 31 December 2019 | <u>20,508</u> | <u>23,080</u> | <u>43,588</u> |
| Net book value | | | |
| At 31 December 2019 | <u>7,707</u> | <u>11,055</u> | <u>18,762</u> |
| At 31 December 2018 | <u>12,042</u> | <u>18,385</u> | <u>30,427</u> |

7. Debtors

| | 2019 £ | 2018 £ |
|-------------------------------------|---------------|---------------|
| Due after more than one year | | |
| Other debtors | 42,732 | 42,732 |
| | <u>42,732</u> | <u>42,732</u> |
| Due within one year | | |
| Trade debtors | 7,501 | 30,075 |
| Other debtors | 5,415 | 7,275 |
| Prepayments and accrued income | 47,495 | 14,211 |
| | <u>60,411</u> | <u>51,561</u> |

SYNDICATE ROOM LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Cash and cash equivalents

| | 2019 | <i>As restated</i> 2018 |
|--------------------------|---------------|----------------------------|
| | £ | £ |
| Cash at bank and in hand | 27,155 | 34,116 |
| | <u>27,155</u> | <u>34,116</u> |

9. Creditors: Amounts falling due within one year

| | 2019 | <i>As restated</i> 2018 |
|------------------------------------|----------------|----------------------------|
| | £ | £ |
| Trade creditors | 31,830 | 13,747 |
| Amounts owed to group undertakings | - | 2,724,175 |
| Other taxation and social security | 30,296 | 26,240 |
| Other creditors | 5,857 | 6,672 |
| Accruals and deferred income | 62,617 | 28,097 |
| | <u>130,600</u> | <u>2,798,931</u> |

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

| | 2019 | 2018 |
|------------------------------------|------------------|----------|
| | £ | £ |
| Amounts owed to group undertakings | 3,412,175 | - |
| | <u>3,412,175</u> | <u>-</u> |

The amounts owed to group undertakings have no fixed repayment date, are unsecured and do not bear any interest. They are classified as falling due after more than one year by virtue of the Parent Company's pledge to continue supporting the Company for a period of no less than 12 months from the date of these financial statements. In the prior period the amounts owed to group undertakings was considered to be falling due within one year.

SYNDICATE ROOM LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Financial instruments

| | 2019 £ | 2018 £ |
|--|---------------|---------------|
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | <u>27,155</u> | <u>34,116</u> |

Financial assets measured at fair value through profit or loss comprise of cash at bank.

12. Pension commitments

The pension cost to the company during the year totalled £32,348 (2018: £23,352). At the year end the amount included in creditors was £5,020 (2018: £4,195).

13. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2019 £ | 2018 £ |
|--|----------------|----------------|
| Not later than 1 year | 102,556 | 102,556 |
| Later than 1 year and not later than 5 years | 119,648 | 205,111 |
| | <u>222,204</u> | <u>307,667</u> |

SYNDICATE ROOM LTD

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14. Controlling party

The company's ultimate holding company is Syndicate Room Group Limited, registered in England and Wales.

There is no ultimate controlling party of the parent company.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. First time adoption of FRS 102 and other prior period adjustments

The policies applied under the entity's previous accounting framework (IFRS) are not materially different to FRS 102 and have not impacted on equity or profit or loss.

The impact of changes to accounting policies and of other prior period adjustments is as follows:

| | | <i>As previously stated 1 January 2018 £</i> | <i>Effect of transition 1 January 2018 £</i> | FRS 102 (as restated) 1 January 2018 £ | <i>As previously stated 31 December 2018 £</i> | <i>Effect of transition 31 December 2018 £</i> | FRS 102 (as restated) 31 December 2018 £ |
|--|---|--|--|---|--|--|---|
| Fixed assets | | 265,408 | - | 265,408 | 248,856 | - | 248,856 |
| Current assets | 1 | 424,447 | - | 424,447 | 2,903,412 | (2,775,003) | 128,409 |
| Creditors: amounts falling due within one year | 1 | (2,282,189) | - | (2,282,189) | (5,573,934) | 2,775,003 | (2,798,931) |
| Net current liabilities | | <u>(1,857,742)</u> | - | <u>(1,857,742)</u> | <u>(2,670,522)</u> | - | <u>(2,670,522)</u> |
| Total assets less current liabilities | | <u>(1,592,334)</u> | - | <u>(1,592,334)</u> | <u>(2,421,666)</u> | - | <u>(2,421,666)</u> |
| Net liabilities | | <u>(1,592,334)</u> | - | <u>(1,592,334)</u> | <u>(2,421,666)</u> | - | <u>(2,421,666)</u> |
| Capital and reserves | | <u>(1,592,334)</u> | - | <u>(1,592,334)</u> | <u>(2,421,666)</u> | - | <u>(2,421,666)</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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15. First time adoption of FRS 102 and other prior period adjustments (continued)

| | Note | As previously stated 31 December 2018 £ | Effect of transition 31 December 2018 £ | FRS 102 (as restated) 31 December 2018 £ |
|--|------|---|--|---|
| Turnover | | 1,036,535 | - | 1,036,535 |
| Administrative expenses | 2 | (1,940,913) | 78,883 | (1,862,030) |
| Operating profit | | (904,378) | 78,883 | (825,495) |
| Interest receivable and similar income | | 1,618 | - | 1,618 |
| Taxation | | (5,455) | - | (5,455) |
| Loss on ordinary activities after taxation and for the financial year | | (908,215) | 78,883 | (829,332) |

Explanation of changes to previously reported profit and equity:

- 1 The client money balance and the corresponding client creditor balance has been offset in accordance with FRS102 and the accounting policy as detailed in note 2.16.
- 2 The value of the share options at grant date and subsequent recognition were incorrect, the impact of these adjustments has been reversed as detailed in note 2.9.