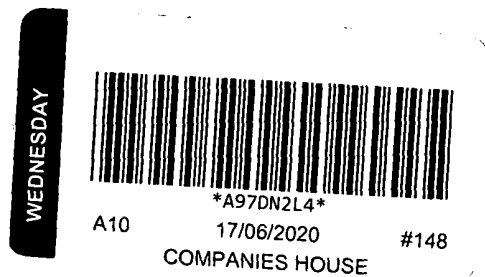


**FREETRADE LIMITED**

**Directors' report and financial statements**

**Registered number 09797821**

**For the year ended 30 September 2019**



Fretrade Limited

## Company information

### Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Adam Dodds  
Davide Fioranelli  
Viktor Nebhaj (appointed 3<sup>rd</sup> October 2018)

### Registered Office

68 Hanbury Street  
London  
E1 5JL

### Independent auditors

PricewaterhouseCoopers LLP  
7 More London Riverside, London, SE1 2RT

## Fretrade Limited

### **Directors' report**

#### **Incorporation**

The company is a private limited company, limited by shares. It is registered in England and Wales and domiciled in the United Kingdom.

#### **Principal activities**

The Company is an app-based stockbroker, providing an execution-only trading platform to retail customers.

#### **Results**

The loss before tax for the year ended 30 September 2019 was £3,884,000 (2018: £1,329,000), and after accounting for taxation the loss for the year was £3,470,000 (2018: £1,165,000).

No dividend is proposed in respect of 2019 (2018:£nil).

#### **Financial risk management**

Information in respect of financial risk management is set out in Note 18 to the financial statements.

#### **Directors**

The Directors of the company who were in office during the year and up to the date of signing the financial statements are listed on page 1.

The Company provided indemnities to the Directors against all costs, charges, losses, expenses and liabilities incurred by them in the execution and discharge of their duties to the Company through its directors' and officers' liability insurance. This insurance is a qualifying third party indemnity insurance and was in force during the financial year and also at the date of approval of the financial statements.

#### **Statement of directors' responsibilities in respect of financial statements**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

## Fretrade Limited

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 enable them to ensure that the financial statements comply with the Companies Act 2006.

### **Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

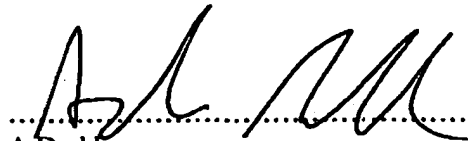
### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

### **Going concern**

The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Directors' report was approved by the Board of Directors and signed on its behalf by:



.....  
A Dodds  
Director

23 January 2020

## **Independent auditors' report to the members of Fretrade Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Fretrade Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 30 September 2019; the Statement of comprehensive income, the Statement of cash flows, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 30 September 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of financial statements set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

#### *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

## Freetrade Limited

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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### *Companies Act 2006 exception reporting*

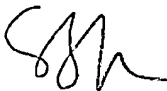
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

#### *Entitlement to exemptions*

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Shujaat Khan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
23 January 2020

## Freertrade Limited

### Statement of comprehensive income

For the year ended 30 September 2019

	Notes	2019 £'000	2018 £'000
Revenue		86	0
Operating expenses	4	<u>(3,970)</u>	<u>(1,301)</u>
<b>Operating loss</b>		<b>(3,884)</b>	<b>(1,301)</b>
Other losses	9	<u>0</u>	<u>(28)</u>
<b>Loss on ordinary activities before taxation</b>		<b>(3,884)</b>	<b>(1,329)</b>
Tax on loss on ordinary activities	6	<u>414</u>	<u>164</u>
<b>Loss for the year</b>		<b><u>(3,470)</u></b>	<b><u>(1,165)</u></b>
Other comprehensive income		<u>0</u>	<u>0</u>
<b>Total comprehensive loss attributable to shareholders</b>		<b><u>(3,470)</u></b>	<b><u>(1,165)</u></b>

No final dividend is proposed in respect of 2019 (2018: £nil).

The accompanying notes on pages 11 to 27 form an integral part of these financial statements.

All losses and total comprehensive losses included above are derived from continuing operations.



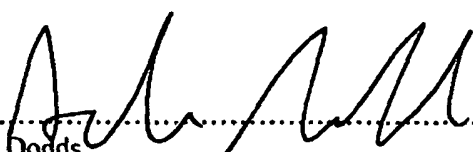
Fretrade Limited

**Statement of financial position**

As at 30 September

	Notes	2019 £'000	2018 £'000
<b>Non-current assets</b>			
Property, plant and equipment	7	76	39
Intangible assets	8	828	93
Investment in subsidiary	9	0	0
		<u>904</u>	<u>132</u>
<b>Current assets</b>			
Trade and other receivables	10	847	186
Cash and cash equivalents	11	3,355	2,684
		<u>4,202</u>	<u>2,870</u>
<b>Current liabilities</b>			
Trade and other payables	12	297	208
<b>Net current assets</b>		<u>3,905</u>	<u>2,662</u>
<b>Net assets</b>		<u>4,809</u>	<u>2,794</u>
<b>Equity</b>			
Called up share capital	13	0	0
Share premium account		10,086	4,610
Other reserves		12	3
Accumulated losses		(5,289)	(1,819)
<b>Total equity</b>		<u>4,809</u>	<u>2,794</u>

The financial statements on pages 7 to 27 were approved by the Board of Directors and signed on its behalf by:



A Dodds  
Director

23 January 2020

The accompanying notes on pages 11 to 27 form an integral part of these financial statements.

**Statement of changes in equity**

For the year ended 30 September 2019

	Notes	Share Capital £'000	Share premium £'000	Accumulated losses £'000	Other reserves £'000	Total equity £'000
Balance as at 1 October 2017		0	1,324	(654)	0	670
Total comprehensive loss for the year		0	0	(1,165)	0	(1,165)
Share based payments		0	0	0	3	3
Proceeds from share issuance	13	0	3,286	0	0	3,286
<b>Balance as at 30 September 2018</b>		<b>0</b>	<b>4,610</b>	<b>(1,819)</b>	<b>3</b>	<b>2,794</b>
Balance as at 1 October 2018		0	4,610	(1,819)	3	2,794
Total comprehensive loss for the year		0	0	(3,470)	0	(3,470)
Share based payments		0	0	0	9	9
Proceeds from share issuance	13	0	5,476	0	0	5,476
<b>Balance as at 30 September 2019</b>		<b>0</b>	<b>10,086</b>	<b>(5,289)</b>	<b>12</b>	<b>4,809</b>

The accompanying notes on pages 11 to 27 form an integral part of these financial statements.

Freetrade Limited

Notes to the Financial Statements

**Statement of cash flows**

For the year ended 30 September 2019

	Notes	2019 £'000	2018 £'000
<b>Cash flow from operating activities</b>			
Cash generated from operations	15	(3,909)	(1,257)
Income tax credit received		95	72
<b>Net cash used in operating activities</b>		<b>(3,814)</b>	<b>(1,185)</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	7	(93)	(43)
Purchase of intangible assets	8	(898)	(90)
<b>Net cash used in investing activities</b>		<b>(991)</b>	<b>(133)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of shares	13	5,476	3,286
Investment in subsidiary	9	0	(11)
<b>Net cash generated from financing activities</b>		<b>5,476</b>	<b>3,275</b>
Net increase in cash and cash equivalents		671	1,957
Cash and cash equivalents at 1 October		2,684	727
<b>Cash and cash equivalents at 30 September</b>		<b>3,355</b>	<b>2,684</b>

The accompanying notes on pages 11 to 27 form an integral part of these financial statements.

## 1. Significant accounting policies

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

The Company has taken advantage of the following exemptions in preparing this report:

- Companies Act 2013, s414B – exemption from preparing a Strategic Report
- Companies Act 2006, s402 – exemption from preparing consolidated accounts

### 1.1 Basis of preparation

The financial statements of Fretrade Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### 1.2 Going concern

The Company has sufficient liquid assets to continue in operational existence for the foreseeable future.

The directors continue to adopt the going concern basis of accounting in preparing the financial statements taking into account this year's financial forecast.

## 1. Significant Accounting Policies (cont.)

### 1.3 Changes in accounting policy and disclosures

#### (a) New standards, amendments and interpretations

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 October 2018, have had a material impact on the Company.

#### (b) New standards, amendments and interpretations issued but not yet effective and not adopted early

IFRS 16 leases is effective for the Company from 1 October 2019. The standard replaces IAS 17 and introduces a new recognition model that recognises all leases on the leasee's balance sheet (subject to certain exemptions). At the transition date the Company will recognise a right of use asset and lease liabilities equal to the operating lease payments disclosed in Note 17, with no impact on shareholders' equity. Following transition a finance charge will be recognised on the lease liabilities and a depreciation charge on the right of use assets.

A number of new standards and amendments are not yet effective for the year ended 30 September 2019. None of these are expected to have a significant impact on the financial statements of the company:

- Amendment to IFRS 9, 'Financial instruments', on prepayment features with negative compensation
- Amendments to IAS 28 'Investments in associates', on long term interests in associates and joint ventures
- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'
- Amendments to IFRS 3 = definition of a business
- Amendments to IAS 1 and IAS 8 on the definition of material
- IFRS 17, 'Insurance contracts'
- IFRIC 23, 'Uncertainty over income tax treatments'

### 1.4 Revenue

Revenue excludes value added tax or other sales tax, and is recognised in the income statement on the following basis:

- (i) Commission revenue is recognised on execution date of the relevant trade.

### 1.5 Foreign currencies

The financial statements are presented in GBP, which is the Company's presentational currency. The functional currency of the Company is also GBP.

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into GBP at the rates of exchange prevailing on the statement of financial position date. Transactions in foreign currencies are recorded at the prevailing foreign exchange rates at the date of the transaction. Exchange differences are recorded in other gains/(losses) in the statement of comprehensive income.

## 1. Significant Accounting Policies (cont.)

### 1.6 Property, plant and equipment

Property, plant and equipment are stated at historic cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. They are depreciated when they are available for use and at rates sufficient to write off their cost net of expected residual values over their estimated useful life on a straight-line basis. The residual values and useful lives are reviewed at balance sheet date:

Office equipment - two years

Computer equipment - two years

### 1.7 Intangible assets

Intangible assets consist of internally generated software and separately acquired assets.

Separately acquired assets are recognised at cost, including any directly attributable costs of bringing the asset into use.

Directly attributable costs incurred in the development of software are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete it;
- management intends to complete the asset and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are adequate technical, financial and other resources available to complete the development of the asset; and
- the expenditure attributable to the asset can be reliably measured.

Intangible assets are amortised when they are available for use and at rates sufficient to write off their cost net of expected residual values over their estimated useful life on a straight-line basis. Where they are considered to have an indefinite useful life no amortisation is charged. Indefinite life assets are reviewed annually for impairment.

The residual values and useful lives are reviewed at balance sheet date:

Software - three years

### 1.8 Investment in subsidiary

Investments in subsidiaries are stated at historical cost less provision for impairment, if necessary. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

### 1.9 Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

## **1. Significant Accounting Policies (cont.)**

### **1.10 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### **1.11 Impairment**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

### **1.12 Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

### **1.13 Equity**

The Company's share capital consists of A Ordinary shares and B Investment shares.

Transaction costs directly attributable to an equity transaction are accounted for as a deduction from equity, net of any related tax benefit.

### **1.14 Financial instruments**

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, and the purpose for which the asset was acquired. Management determines the classification of its financial instruments at initial recognition.

## 1. Significant Accounting Policies (cont.)

### 1.15 Share based compensation

The Company operates an equity-settled, share-based compensation scheme, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances, employees might provide services in advance of the grant date, and so the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement and grant date.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

### 1.16 Income tax

The tax charge for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income.

(i) *Current tax*

The current tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the United Kingdom. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) *Deferred tax*

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the current tax losses or temporary differences can be utilised.

Deferred tax liabilities are provided for in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements.

Tax rates enacted or substantively enacted are used to determine the deferred tax assets and liabilities.



## **2. Critical accounting estimates and judgements**

### **2.1 Share-based payments**

The Company measures the cost of equity-settled options based on the fair value of the awards granted. The fair value is determined based on an appropriate valuation model (Black Scholes) given the share options are not actively traded. The use of an option valuation model to determine the fair value requires the input of highly subjective assumptions including the expected price volatility, expected life of the award and dividend yield. Changes in the subjective assumptions can materially affect the fair value estimates.

The main assumptions that have been used in deriving the value of the options at grant are:

Risk free rate – 0.28%

Volatility – 50%

The fair value of options at grant date is recognised as an employee expense with a corresponding increase in other reserves over the period that the employees become unconditionally entitled to the awards.

### **2.2 Software development**

As described in notes 1.7 and 8, the Company incurs expenditure on the development of software and implementation of systems. The judgements regarding capitalisation, impairment and the estimation of the useful life of the assets have a material impact on these financial statements.

### **2.3 Research and Development tax relief**

Each year the Company applies for Research and Development tax relief in relation to qualifying expenditure. This is not submitted or granted until after the year-end, and so it is necessary to estimate the credit that is expected to be received. This estimate is calculated based on expenses recorded in the financial statements.

### 3 Auditors' remuneration

During the year the Company obtained the following services from the Company's external auditors:

	2019	2018
	£'000	£'000
Audit of the Company's financial statements	38	28
Audit related assurance services	37	27
Tax advisory services	16	16
Tax compliance services	5	5
	<u>96</u>	<u>76</u>

### 4 Operating expenses

	2019	2018
	£'000	£'000
Advertising & Marketing	129	31
Market membership and data	91	38
Consulting	96	36
Depreciation & amortisation	217	12
Insurance	41	16
Audit and accountancy fees	75	55
Legal costs	103	35
IT software and consumables	499	177
Employee costs	1,664	557
Contractors	11	85
Travel	31	17
Rent	329	25
Irrecoverable VAT expense	287	99
Other expenses	397	118
	<u>3,970</u>	<u>1,301</u>

## 5 Employee costs

Employee costs (including Directors) comprise the following:

	2019	2018
	£'000	£'000
Wages and salaries	1,252	459
Other pension costs	99	13
Social security costs	246	59
Share-based compensation benefits	9	3
Termination benefits	20	23
Other staff costs	38	0
	<u>1,664</u>	<u>557</u>

The number of permanent employees (excluding Directors) was:

	2019	2018
At 30 September	45	11
Monthly average for the year	32	6

## 6 Tax on loss on ordinary activities

	2019	2018
	£'000	£'000
<b>Current tax:</b>		
- Current tax on profits for the year	(411)	(92)
- Adjustments in respect of prior years	(3)	(72)
<b>Total current tax expense/(credit)</b>	<u>(414)</u>	<u>(164)</u>
<b>Deferred tax:</b>		
Deferred tax on profits for the year	0	0
Adjustments in respect of prior years	0	0
<b>Total deferred tax expense/(credit)</b>	<u>0</u>	<u>0</u>
<b>Income tax expense/(credit)</b>	<u>(414)</u>	<u>(164)</u>

## Freertrade Limited

### Notes to the Financial Statements

#### 6 Tax on loss on ordinary activities (cont.)

The tax on the company's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the entity as follows:

	2019 £'000	2018 £'000
<b>Profit/(Loss) before Tax</b>	<b><u>(3,884)</u></b>	<b><u>(1,329)</u></b>
Tax calculated at domestic tax rate applicable to profits (19%)	(738)	(252)
Tax effects of:		
- Prior Year adjustment	(3)	(72)
- Expenses not deductible for tax purposes	173	2
- Deferred tax not recognised	565	181
- Effect of Tax rate differences	0	20
- R&D tax credit	<u>(411)</u>	<u>(43)</u>
<b>Total tax credit</b>	<b><u>(414)</u></b>	<b><u>(164)</u></b>

No income tax was charged to other comprehensive income during the year.

	2019 £'000	2018 £'000
Corporation Tax Debtor/(Creditor)	411	92
Deferred Tax Debtor/(Creditor)	0	0

Unused tax losses and other temporary differences for which no deferred tax asset has been recognised amounts to £4,348,000 (2018: £1,401,000).

## 7 Property, plant and equipment

	Computer equipment £'000	Office equipment £'000	Total £'000
<b>Cost</b>			
At 1 October 2018	42	11	53
Additions	78	15	93
Disposals	(5)	(2)	(7)
At 30 September 2019	115	24	139
<b>Accumulated depreciation</b>			
At 1 October 2018	12	2	14
Charge for year	45	9	54
Disposals	(4)	(1)	(5)
At 30 September 2019	53	10	63
<b>Cost</b>			
At 1 October 2017	9	2	11
Additions	34	9	43
Disposals	(1)	0	(1)
At 30 September 2018	42	11	53
<b>Accumulated depreciation</b>			
At 1 October 2017	2	0	2
Charge for year	10	2	12
Disposals	0	0	0
At 30 September 2018	12	2	14
<b>Net book value</b>			
At 30 September 2019	62	14	76
At 30 September 2018	30	9	39

**8 Intangible assets**

	Software £'000	Other £'000	Total £'000
<b>Cost</b>			
At 1 October 2018	88	5	93
Additions	898	0	898
Disposals	0	0	0
At 30 September 2019	<u>986</u>	<u>5</u>	<u>991</u>
<b>Accumulated amortisation</b>			
At 1 October 2018	0	0	0
Charge for year	163	0	163
Disposals	0	0	0
At 30 September 2019	<u>163</u>	<u>0</u>	<u>163</u>
<b>Cost</b>			
At 1 October 2017	0	3	3
Additions	88	2	90
Disposals	0	0	0
At 30 September 2018	<u>88</u>	<u>5</u>	<u>93</u>
<b>Accumulated amortisation</b>			
At 1 October 2017	0	0	0
Charge for year	0	0	0
Disposals	0	0	0
At 30 September 2018	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net book value</b>			
At 30 September 2019	<u>823</u>	<u>5</u>	<u>828</u>
At 30 September 2018	<u>88</u>	<u>5</u>	<u>93</u>

## Freetrade Limited

### Notes to the Financial Statements

#### 9 Investment in subsidiary

	2019	2018
	£'000	£'000
At 1 October	0	13
Additions	0	11
Disposals	0	(24)
At 30 September	<u>0</u>	<u>0</u>

During the year-ended 30 September 2018 the Company liquidated its subsidiary, Freetrade Italia SRL. In addition to the investment above, a receivable due from the subsidiary totalling £4,000 was written off. A loss of £28,000 has been recognised in relation to this as other losses in the Statement of comprehensive income.

The Company had direct interests in the following subsidiaries at 30 September 2019:

Name	Principal activities	Interest held	Country of incorporation	Registered address
Freetrade Nominees Limited	Dormant	100%	England & Wales	68 Hanbury St, London, E1 5JL
Freetrade Loves Europe Limited	Dormant	100%	Ireland	18-19 College Green, Dublin 2

#### 10 Trade and other receivables

	2019	2018
	£'000	£'000
Prepayments and accrued income	225	94
Corporation tax debtor	411	92
Other receivables	211	0
	<u>847</u>	<u>186</u>

#### 11 Cash and cash equivalents

All cash and cash equivalents are held as cash at bank.

## 12 Trade and other payables

	2019 £'000	2018 £'000
Trade creditor	42	83
Credit cards	51	39
Other taxes and social security	57	0
Accruals	117	0
Other creditors	30	86
	<u>297</u>	<u>208</u>

## 13 Called up share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
23,093,767 (2018 – 32,328,177) A Ordinary shares of £0.0000001 each	0	0
22,364,395 (2018 – 6,828,178) B Investment shares of £0.0000001 each	0	0
	<u>0</u>	<u>0</u>

During the year 9,234,410 A Ordinary shares having an aggregate nominal value of £0.92 were converted to B Investment shares.

During the year-ended 30 September 2018 3,649,547 A Ordinary shares having an aggregate nominal value of £0.36 were allotted for an aggregate consideration of £1,473,000.

During the year 6,257,605 (2018 - 3,681,886) B Investment shares having an aggregate nominal value of £0.62 (2018 - £0.37) were allotted for an aggregate consideration of £5,721,000 (2018 - £1,918,000).

Transaction costs of £164,000 (FY18: £105,000) were incurred in issuing the share capital, which has been deducted from share premium.



Fretrade Limited

Notes to the Financial Statements

**14 Share based payments**

Share options are granted to directors and employees, and are conditional on the employee completing three to five years' service (the vesting period). Options vest monthly on a straight-line basis throughout the vesting period, although in some cases the vesting schedule may include an initial "cliff" period during which no options vest.

Movements in the number of share options outstanding, and their related weighted average exercise price, are as follows:

	2019		2018	
	Average exercise price	Options ('000)	Average exercise price	Options ('000)
At 1 October	0.029	1,951	0.016	354
Granted	0.039	852	0.032	1,597
Forfeited	0.031	(604)	0	0
At 30 September	0.032	2,199	0.029	1,951

Share options outstanding at the end of the year have the following expiry date and exercise price:

Grant-vest	Exercise price	Share options ('000)	
		2019	2018
2017 - 2020	0.016	354	354
2018 - 2022	0.016	256	460
2018 - 2022	0.039	630	925
2018 - 2023	0.039	213	213
2019 - 2023	0.039	746	0
		2,199	1,951

# Freetrade Limited

## Notes to the Financial Statements

### 15 Cash used in operations

	Note	2019 £'000	2018 £'000
Loss before income tax		(3,884)	(1,329)
Adjustments for:			
- Depreciation and amortisation	7.8	217	12
- Loss on disposal of subsidiary	9	0	28
- Loss on disposal of property, plant and equipment		0	1
Changes in working capital:			
- Trade and other receivables		(342)	(92)
- Trade and other payables	10	89	124
Share based payment expenses	5,14	9	3
Other non-cash movements		2	(4)
		<u>(3,909)</u>	<u>(1,257)</u>

In the statement of cash flows, loss on disposal of subsidiary comprises:

	Note	2019 £'000	2018 £'000
Net book amount	9	0	24
Amount due from subsidiary		0	4
Loss on disposal of subsidiary		<u>0</u>	<u>28</u>

## 16 Related party transactions

### a) Directors' emoluments

Directors' emoluments for the year included in staff costs are as follows:

	2019 £'000	2018 £'000
Short-term employee benefits	234	195
Post-employment benefits	11	4
Other benefits	1	0
Share-based payments	2	0
Termination benefits	0	23
Aggregate emoluments	<u>248</u>	<u>222</u>

### b) Remuneration of the highest paid director

	2019 £'000	2018 £'000
Short-term employee benefits	135	116
Post-employment benefits	6	2
Other benefits	1	0
Aggregate emoluments	<u>142</u>	<u>118</u>

### c) Key management compensation

Compensation for the Directors of the Company and the members of the executive team (2018: management team), regarded as the key personnel who have authority for planning, directing and controlling the Company, are as follows:

	2019 £'000	2018 £'000
Short-term employee benefits	351	415
Post-employment benefits	16	9
Share-based benefits	4	2
Other benefits	1	0
Termination benefits	0	23
Aggregate emoluments	<u>372</u>	<u>449</u>

## 17 Operating lease commitments

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

	2019	2018
	£'000	£'000
No later than 1 year	691	103
Between 1 and 5 years	172	0

## 18 Financial risk management

The Company's activities expose it to some financial risks including liquidity risk. Market risk and credit risk are considered to be immaterial to the Company. Financial risk management is carried out by the Finance department under policies approved by the Board of Directors.

### a) Liquidity risk

Prudent liquidity risk management involves maintaining sufficient cash to meet ongoing operational commitments and adhere to the requirements of The Financial Services and Markets Act 2000 to maintain liquid financial assets amounting to at least three months' operating costs and a risk calculated buffer. Management monitors rolling forecasts of the company's liquidity reserve on the basis of expected cash flows.

### b) Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to the shareholders and benefits for other stakeholders.

The Company is regulated by the FCA and required to hold sufficient capital to operate the business under certain risk scenarios. The capital requirement is monitored on an ongoing basis and the Company exceeded this capital requirement throughout the year.

## 19 Events after the reporting period

On 30 October 2019 the Company entered into an agreement with Draper Esprit VCT PLC, Esprit Investments (2) LP and Draper Esprit EIS, each of which is controlled by Draper Esprit PLC, to allot and issue 6,276,124 shares for an aggregate consideration of £6,000,000. The issuance of 5,230,103 of these shares is subject to FCA approval.

Following year end, management has expressed their intention to terminate the lease to which the payments in Note 17 relate.

## 20 Control

In the opinion of the directors, no one party has controlling interest.