

COMPANY REGISTRATION NUMBER: 05654231

Liberis Limited
Financial Statements
Year ended 31 December 2020



Liberis Limited
Financial Statements
Year ended 31 December 2020

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Liberis Limited

Officers and Professional Advisers

The board of directors

Mr M K Badale
Mr M Bithal
Mr C S Mindenhall
Mr R A Straathof
Mr T P Bason

Registered office

Scale Space
58 Wood Lane
London
United Kingdom
W12 7RZ

Auditor

BDO LLP
Chartered accountants & statutory auditor
55 Baker St
Marylebone
London
United Kingdom
W1U 7EU

Liberis Limited

Strategic Report

Year ended 31 December 2020

Principal activities and business review

The principal activity during the year was the provision of alternative funding for merchants for growth capital not available through traditional sources.

The revenue of the company reduced from £15,728,156 to £2,585,005 with a loss before taxation of £10,278,743 compared to £2,166,816 in the prior year. This was due to the reduction in advances in the year partly as a result of the global pandemic.

Lower advances have resulted in a smaller advances book before provisions.

Key financial indicators

	2020 £000	2019 £000
Revenue	2,585	15,728
Gross (loss)/profit	(650)	6,748
Loss before taxation	(10,279)	(2,167)
EBITDA	(9,505)	(1,482)
Operating loss	(10,273)	(1,892)
Net liabilities	(21,088)	(11,433)

Future developments

We expect to return to growth of the debtors book throughout 2021 subject to the impact of COVID-19 restrictions and believe that the company will manage its costs and move towards a break even position.

Going concern

The financial statements are prepared on a going concern basis, notwithstanding that the Company has reported an operating loss of £10,273k for the year to 31 December 2020 (2019: £1,892k loss).

The far reaching spread of the COVID-19 pandemic has caused economic and business disruption around the globe, including forcing many companies, including Liberis Limited, to utilise business continuity plans, including limiting travel and employ remote working, to allow continued operations with minimal disruptions.

In this context, the directors have evaluated the going concern status of the Group and Company and concluded that the Group and Company should be able to continue operations as a going concern in particular given the completion of our refinancing in December 2019, securing a £70m financing facility and the securing an additional £7.5m facility in April 2021 to support further expansion of the European advances book. However the directors acknowledge that the overall breadth of the COVID-19 pandemic has raised enough indeterminable variables that could potentially impact the continuity of the business given the impact of government mandated lock down restrictions on the ability of the business to cash advance and collect on the advances book.

The directors have prepared cash flow forecasts for the period to April 2022 which indicate that, taking account of reasonable possible downside scenarios, the Group and Company will have sufficient funds through repayments expected from the existing cash advances given to clients, its existing funding from its investors and the Group's senior facility, to meet its liabilities as they fall due for that period. The Company is party to the senior facility with its assets provided as security. The directors have applied reasonable possible downsides to their base case cash flow forecasts to assess the possible impact of reduced forecast income streams due to lower transaction volumes particularly given the COVID 19 pandemic. The forecasts took into account the directors' plans to mitigate the effect of the events and conditions, for example through reducing its cost based to reflect the lower transaction volumes.

Liberis Limited

Strategic Report *(continued)*

Year ended 31 December 2020

Given the uncertainty in relation to future government mandated lockdowns as a response to the pandemic a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern and therefore their ability to realise their assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments should the going concern basis of preparation be inappropriate.

Financial risk management objectives and policies

As with any organisation, there are varying degrees of inherent and residual business risks associated with its business activities. At Liberis this is managed by way of a risk management programme and a strong underwriting process. This allows the directors and credit committee to have an informed knowledge of the level of exposure at any given time and the way those risks are managed in order to mitigate the likely impact on the company's financial assets and liabilities. By implementing various levels of internal control within the organisation, the inherent risks can be reduced to an acceptable level.

Our management programme involves identifying and assessing risks and then responding to them promptly. This enables the directors to monitor and manage them effectively. Any residual risk will be evaluated and monitored in accordance with the level of the amount of risk that is judged to be tolerable and justifiable within the organisation.

One of the keys of mitigating risks is to ensure internal controls are sound and well founded and the directors regularly review company policies, procedures, detailed management accounts, cash flows projection, budget and forecast with the emphasis on reviewing liquidity, ratios analysis on debtors, creditors, price and volume variances.

Credit risk

The directors and the Credit Committee have taken up reasonable measures via credit risk policy and underwriting procedures to mitigate credit risk to an acceptable level.

Insurable risk

The company has taken up various worldwide insurance. Furthermore professional indemnity, travel, directors and officers' indemnity have also been secured by the company.

Employment risk

The directors have taken sufficient steps and advice on employment, health and safety issues.

Information technology & communication

The company relies heavily on information technology. The priority is to ensure the operation of the business is not unduly interrupted either due to a lack of support or maintenance. The directors ensure that first tier providers are secured on a long term contract in order to ensure we have a continuous service support throughout the operation.

Working capital and banking facility and borrowings

The company utilised its line of bank credit to support funding growth and to meet the ongoing capital requirements. Regular audits are required to ensure that we adhere to the bank covenants.

Liberis Limited

Strategic Report *(continued)*

Year ended 31 December 2020

This report was approved by the board of directors on 30/04/2021..... and signed on behalf of the board by:



Mr T P Bason
Director

Registered office:
Scale Space
58 Wood Lane
London
United Kingdom
W12 7RZ

Liberis Limited

Directors' Report

Year ended 31 December 2020

The directors present their report and the financial statements of the company for the year ended 31 December 2020.

Directors

The directors who served the company during the year were as follows:

Mr M K Badale	
Mr M Bithal	
Mr C S Mindenhall	
Mr R A Straathof	
Mr T P Bason	
Mr A J Fawcett	(Resigned 4 November 2020)
Mr P Mildenstein	(Resigned 4 November 2020)

Dividends

The directors do not recommend the payment of a dividend.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

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

- select suitable accounting policies 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 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.

Liberis Limited

Directors' Report *(continued)*

Year ended 31 December 2020

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on^{30/04/2021}..... and signed on behalf of the board by:



Mr T P Bason
Director

Registered office:
Scale Space
58 Wood Lane
London
United Kingdom
W12 7RZ

Liberis Limited

Independent Auditor's Report to the Members of Liberis Limited

Year ended 31 December 2020

Opinion

We have audited the financial statements of Liberis Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, 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 2020 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 Auditor's 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 3 in the financial statements, which identifies the impact on the Company and its customers of government-imposed restrictions and other uncertainties related to the Covid-19 pandemic across the jurisdictions in which the Company operates.

As of the date of the auditor's report, there remains uncertainty as to the impact and period over which restrictions will remain for certain sectors and when those borrowers of the Company that are most impacted will be able to fully resume activities. The ongoing uncertainty in respect of the impact of Covid-19 and the likelihood of a severe contraction in the UK economy leads to a heightened risk in respect of going concern.

As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, 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.

Liberis Limited

Independent Auditor's Report to the Members of Liberis Limited *(continued)*

Year ended 31 December 2020

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 auditor's 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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 Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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.

Liberis Limited

Independent Auditor's Report to the Members of Liberis Limited *(continued)*

Year ended 31 December 2020

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and United Kingdom Accounting Standards.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and directors; and
- review of minutes of board meetings throughout the period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Liberis Limited


Independent Auditor's Report to the Members of Liberis Limited *(continued)*

Year ended 31 December 2020

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Matthew Hopkins (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

55 Baker Street

London

W1U 7EU

30 April 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Liberis Limited
Statement of Income and Retained Earnings
Year ended 31 December 2020

	Note	2020 £000	2019 £000
Revenue	4	2,585	15,728
Cost of sales		<u>(3,235)</u>	<u>(8,980)</u>
Gross (loss)/profit		(650)	6,748
Administrative expenses		<u>(10,021)</u>	(8,640)
Other operating income	5	<u>398</u>	-
Operating loss	6	(10,273)	(1,892)
Interest payable and similar expenses	10	<u>(6)</u>	<u>(275)</u>
Loss before taxation		(10,279)	(2,167)
Tax on loss	11	<u>624</u>	412
Loss for the financial year and total comprehensive loss		<u>(9,655)</u>	<u>(1,755)</u>
Retained losses at the start of the year		<u>(16,693)</u>	<u>(14,938)</u>
Retained losses at the end of the year		<u>(26,348)</u>	<u>(16,693)</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 23 form part of these financial statements.

Liberis Limited
Statement of Financial Position
31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	12		1,828
Tangible assets	13		<u>186</u>
			<u>2,014</u>
Current assets			
Debtors	14	18,270	4,312
Cash at bank and in hand		<u>2,115</u>	<u>4,658</u>
		<u>20,385</u>	8,970
Creditors: amounts falling due within one year	15	<u>(44,377)</u>	<u>(22,417)</u>
Net current liabilities			<u>(13,447)</u>
Total assets less current liabilities			<u>(11,433)</u>
Net liabilities			<u>(21,088)</u>
Capital and reserves			
Called up share capital	16	1,686	1,686
Capital contribution reserve	17	3,574	3,574
Profit and loss account	17	<u>(26,348)</u>	<u>(16,693)</u>
Shareholders deficit			<u>(21,088)</u>

These financial statements were approved by the board of directors and authorised for issue on 30/04/2021....., and are signed on behalf of the board by:



Mr T P Bason
 Director

Company registration number: 05654231

The notes on pages 14 to 23 form part of these financial statements.

Liberis Limited
Statement of Cash Flows
Year ended 31 December 2020

	2020 £000	2019 £000
Cash flows from operating activities		
Loss for the financial year	(9,655)	(1,755)
<i>Adjustments for:</i>		
Depreciation of tangible assets	112	109
Amortisation of intangible assets	655	300
Government grant income	(398)	–
Interest payable and similar expenses	6	275
Tax on loss	(624)	(412)
Accrued (income)/expenses	(1,110)	498
<i>Changes in:</i>		
Trade and other debtors	(13,746)	(1,683)
Trade and other creditors	460	(2,661)
Cash generated from operations	<u>(24,300)</u>	<u>(5,329)</u>
Interest paid	(6)	(275)
Tax received	412	412
Net cash used in operating activities	<u>(23,894)</u>	<u>(5,192)</u>
Cash flows from investing activities		
Purchase of tangible assets	(72)	(99)
Purchase of intangible assets	(1,585)	(1,931)
Net cash used in investing activities	<u>(1,657)</u>	<u>(2,030)</u>
Cash flows from financing activities		
Proceeds from loans from group undertakings	22,610	10,507
Government grant income	398	–
Net cash from financing activities	<u>23,008</u>	<u>10,507</u>
Net (decrease)/increase in cash and cash equivalents	(2,543)	3,285
Cash and cash equivalents at beginning of year	4,658	1,373
Cash and cash equivalents at end of year	<u>2,115</u>	<u>4,658</u>

The notes on pages 14 to 23 form part of these financial statements.

Liberis Limited

Notes to the Financial Statements

Year ended 31 December 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Scale Space, 58 Wood Lane, London, W12 7RZ, United Kingdom.

The principal activity information is disclosed within the strategic report.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The financial statements are prepared on a going concern basis, notwithstanding that the Company has reported an operating loss of £10,273k for the year to 31 December 2020 (2019: £1,892k loss).

The far reaching spread of the COVID-19 pandemic has caused economic and business disruption around the globe, including forcing many companies, including Liberis Limited, to utilise business continuity plans, including limiting travel and employ remote working, to allow continued operations with minimal disruptions.

In this context, the directors have evaluated the going concern status of the Group and Company and concluded that the Group and Company should be able to continue operations as a going concern in particular given the completion of our refinancing in December 2019, securing a £70m financing facility and the securing an additional £7.5m facility in April 2021 to support further expansion of the European advances book. However the directors acknowledge that the overall breadth of the COVID-19 pandemic has raised enough indeterminable variables that could potentially impact the continuity of the business given the impact of government mandated lock down restrictions on the ability of the business to cash advance and collect on the advances book.

The directors have prepared cash flow forecasts for the period to April 2022 which indicate that, taking account of reasonable possible downside scenarios, the Group and Company will have sufficient funds through repayments expected from the existing cash advances given to clients, its existing funding from its investors and the Group's senior facility, to meet its liabilities as they fall due for that period. The Company is party to the senior facility with its assets provided as security. The directors have applied reasonable possible downsides to their base case cash flow forecasts to assess the possible impact of reduced forecast income streams due to lower transaction volumes particularly given the COVID 19 pandemic. The forecasts took into account the directors' plans to mitigate the effect of the events and conditions, for example through reducing its cost based to reflect the lower transaction volumes.

Liberis Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Going concern *(continued)*

Given the uncertainty in relation to future government mandated lockdowns as a response to the pandemic a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern and therefore their ability to realise their assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments should the going concern basis of preparation be inappropriate.

Judgements 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. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are considered significant judgements made by the directors:

- Intangibles have been capitalised where the directors believe the development stage in line with section 18.8A of FRS102 has been met. The directors make judgements on when they believe this stage has been met.
- The value of share options has been measured using the Black-Scholes option pricing model taking into consideration the terms and conditions upon which the instruments were granted. Costs are subsequently measure in line with the vesting period of each option. The directors make judgement for the variables input into the Black Scholes formula based on other similar industries and current market conditions.
- Intangibles are reviewed annually for impairment where the value is considered to be lower than the cost less amortisation. The directors make judgements on impairments based on the future cash generation from the developed items.
- Significant judgements are made by the directors in relation to the period of revenue recognition based on the historic average collection periods.

Revenue recognition

The company's income is derived from a servicing agreement with other group entities. The income is recognised at the stage the service is provided at a value respective of the income generated by the group entities. The income generated by the group entities, which drives Liberis Limited's income is derived from purchasing a future income stream from merchants at a discount. As the related debtors are collectable over extended periods of time, the company recognises the Income earned from financial assets held at amortised cost on an effective interest rate method basis using the discount factor as the interest rate with a period consistent with the expected amortisation of the debtor balances.

Liberis Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Corporation tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Internally generated development costs are recorded when the relevant development criteria has been met. The intangible is recorded at cost, and is subsequently stated at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Software Development costs - 20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Liberis Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	20% straight line
Improvements		
Fixtures & Fittings	-	33% straight line
Computers	-	33% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Government grants

Government grants are recognised using the accrual model.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Financial instruments

Basic financial instruments including financial assets and liabilities are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Subsequent measure is at amortised cost.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Share based payments

The group issues equity-settled and cash-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the group's estimate of the shares that will eventually vest.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Liberis Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

4. Revenue

Revenue arises from:

	2020 £000	2019 £000
Rendering of services	<u>2,585</u>	<u>15,728</u>

The whole of the revenue is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2020 £000	2019 £000
Government grant income	<u>398</u>	<u>-</u>

Other income in the period relates to government grants received in relation to the furlough scheme (Coronavirus Job Retention Scheme).

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020 £000	2019 £000
Amortisation of intangible assets	655	300
Depreciation of tangible assets	112	109
Impairment of trade debtors	12	-
Foreign exchange differences	<u>2</u>	<u>(151)</u>

7. Auditors remuneration

	2020 £000	2019 £000
Fees payable for the audit of the financial statements	<u>70</u>	<u>54</u>

Liberis Limited has incurred the audit fee on behalf of the entire group.

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020 No.	2019 No.
Administrative staff	117	121
Management staff	<u>6</u>	<u>4</u>
	<u>123</u>	<u>125</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020 £000	2019 £000
Wages and salaries	6,864	6,970
Social security costs	724	810
Other pension costs	<u>223</u>	<u>133</u>
	<u>7,811</u>	<u>7,913</u>

Liberis Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2020 £000	2019 £000
Remuneration	306	352
Company contributions to defined contribution pension plans	39	9
	<u>345</u>	<u>361</u>

Remuneration of the highest paid director in respect of qualifying services:

	2020 £000	2019 £000
Aggregate remuneration	185	221
Company contributions to defined contribution pension plans	28	5
	<u>213</u>	<u>226</u>

10. Interest payable and similar expenses

	2020 £000	2019 £000
Interest on banks loans and overdrafts	6	275

11. Tax on loss

Major components of tax income

	2020 £000	2019 £000
Current tax:		
UK current tax income	(624)	(412)
Tax on loss	<u>(624)</u>	<u>(412)</u>

Deferred tax in respect of unused losses will only be recognised when the entity is certain of utilisation, demonstrated by way of group profitability. As at the year end the deferred tax asset not recognised is £4,276k. Deferred tax has been measured at 19%, the substantially enacted rate at the year end date.

Liberis Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

11. Tax on loss *(continued)*

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is lower than (2019: the same as) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £000	2019 £000
Loss on ordinary activities before taxation	(10,279)	(2,167)
Loss on ordinary activities by rate of tax	(1,953)	(412)
Effect of expenses not deductible for tax purposes	161	66
Effect of capital allowances and depreciation	8	21
Effect of revenue items capitalised and capital items expensed	(301)	(367)
Unused tax losses	1,764	692
Group loss relief	321	–
Prior year R&D credit	(624)	(412)
Tax on loss	<u>(624)</u>	<u>(412)</u>

12. Intangible assets

	Software Development costs £000
Cost	
At 1 January 2020	2,386
Additions	1,585
At 31 December 2020	<u>3,971</u>
Amortisation	
At 1 January 2020	558
Charge for the year	655
At 31 December 2020	<u>1,213</u>
Carrying amount	
At 31 December 2020	<u>2,758</u>
At 31 December 2019	<u>1,828</u>

Liberis Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

13. Tangible assets

	Leasehold Property improvements £000	Fixtures and Fittings £000	Computers £000	Total £000
Cost				
At 1 January 2020	68	49	467	584
Additions	–	3	69	72
At 31 December 2020	<u>68</u>	<u>52</u>	<u>536</u>	<u>656</u>
Depreciation				
At 1 January 2020	27	43	328	398
Charge for the year	13	7	92	112
At 31 December 2020	<u>40</u>	<u>50</u>	<u>420</u>	<u>510</u>
Carrying amount				
At 31 December 2020	<u>28</u>	<u>2</u>	<u>116</u>	<u>146</u>
At 31 December 2019	<u>41</u>	<u>6</u>	<u>139</u>	<u>186</u>

14. Debtors

	2020 £000	2019 £000
Amounts owed by group undertakings	17,109	3,324
Prepayments and accrued income	441	489
Corporation tax repayable	624	412
Directors loan account	38	38
Other debtors	58	49
	<u>18,270</u>	<u>4,312</u>

15. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	939	1,041
Amounts owed to group undertakings	42,002	19,392
Accruals and deferred income	605	1,715
Social security and other taxes	817	234
Other creditors	14	35
	<u>44,377</u>	<u>22,417</u>

16. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £0.01 each	<u>168,554,868</u>	<u>1,685,549</u>	<u>168,554,868</u>	<u>1,685,549</u>

17. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Liberis Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

18. Share based payments

The company has share option schemes for senior employees where they are granted share options in the holding company. The directors believe the value of the services received is equal to the fair value of the share equity-settled options granted and therefore, is measured at the grant date using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The model assumes the government gilt rate at the time of issue as the risk free rate, and has used 30% as its volatility.

All share options can only be exercised to the extent it has been vested under their individual vesting schedule. There are no performance-related conditions of exercise applying to these options. A summary of the grant dates and vesting conditions for the equity-settled share options are as follows:

Grant Date	No. issued	No. remaining	Date fully vested
Oct-14	20,000	20,000	Oct-17
Jul-15	91,280	91,280	Jul-15
Sep-15	68,853	68,853	Jun-19
Jan-16	222,082	222,082	Jan-20
Apr-16	136,500	71,874	Apr-20
May-16	4,000	1,000	May-20
Jan-17	57,410	57,410	Jan-17
Sep-17	14,000	14,000	Sep-21
Jan-18	76,323	49,120	Jan-18
Jan-18	115,710	99,634	Jan-22
Oct-18	24,500	-	Oct-19
Apr-19	34,500	33,500	Jan-22
Apr-19	21,690	21,690	Apr-19
May-19	12,000	12,000	May-23
Jul-20	12,217	12,217	Jul-20
Jul-20	8,000	8,000	Jul-24
Jul-20	15,000	15,000	Jul-24
	934,065	797,660	

No options were exercised during the period.

The total expense recognised in profit or loss for the period was £nil (2019: £nil).

The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year.

	2020 No.	2020 WAEP £	2019 No.	2019 WAEP £
Outstanding b/forward	791,063	3.87	673,496	3.87
Granted during the year	40,568	8.00	183,970	5.18
Exercised during the year	-	-	-	-
Expired during the year	(33,971)	7.46	(66,403)	4.82
Outstanding c/forward	797,660	4.01	791,063	3.87

Liberis Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

19. Analysis of changes in net debt

	At 1 Jan 2020 £000	Cash flows £000	At 31 Dec 2020 £000
Cash at bank and in hand	4,658	(2,543)	2,115
Debt due within one year	(19,392)	(22,610)	(42,002)
	<u>(14,734)</u>	<u>(25,153)</u>	<u>(39,887)</u>

20. Operating leases

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

	2020 £000	2019 £000
Not later than 1 year	<u>125</u>	<u>898</u>

21. Directors' advances, credits and guarantees

During the year the directors were advanced £nil (2019: £nil) and at the year end the directors owed £38k (2019: £38k) to the company. There is no interest charged on this balance.

22. Related party transactions

At the year end the company was owed £17,109k (2019: £3,324k) from group companies.

£45,680k (2019: £66,420k) of the creditors in group companies are secured or guaranteed by assets across the group, including Liberis Limited.

At the year end the company owed £42,002k (2019: £19,392k) to group companies.

At the year end the company owed £38k (2019: £18k) to companies related through common control and directorship.

23. Controlling party

At the balance sheet date, the company's immediate parent company was Liberis Guarantee Limited, a company registered in the United Kingdom. The address of the registered office is Scale Space, 58 Wood Lane, London, United Kingdom, W12 7RZ.

At the balance sheet date, the company's ultimate parent company was Liberis Holdings Limited, a company registered in Jersey. The address of the registered office is No 2 The Forum, Grenville Street, St Helier, JE1 4HH, Jersey.