
LIBERATOR LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

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LIBERATOR LIMITED

COMPANY INFORMATION

DIRECTORS

Mrs M E Broehl
Mr I C Thompson
Mr D Moffatt

COMPANY SECRETARY

Mrs M E Broehl

REGISTERED NUMBER

02590367

REGISTERED OFFICE

Whitegates
25-27 High Street
Swinstead
Grantham
Lincolnshire
NG33 4PA

INDEPENDENT AUDITORS

Peters Elworthy & Moore
Chartered Accountants & Statutory Auditors
Salisbury House
Station Road
Cambridge
CB1 2LA

LIBERATOR LIMITED

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LIBERATOR LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2014

INTRODUCTION

The directors present their strategic report and business review, which includes the principal risks and uncertainties of the business and key performance indicators.

BUSINESS REVIEW

Liberator Limited provide Augmentative and Alternative Communication (AAC) products and services in the UK and Ireland. We also have a global presence through our subsidiary companies in Germany (Prentke Romich GmbH) and Australia (Liberator Pty Ltd) as well as a network of distributors serving other countries.

The global AAC market has faced challenges in recent years due to funding constraints within the healthcare and education sectors. In addition many new suppliers have entered the market with lower priced app based products which has created a very active and competitive market. However, I am very pleased to report that despite these challenges our international businesses had an extremely good financial year.

Overall our international group achieved sales of \$10.6m (a 9% like-for-like increase on last year) and profit before tax of \$1.25m (a 128% like-for-like increase on last year).

Growth was achieved primarily from recently launched products becoming established in our core markets (i.e. Accent 1000 and NOVA chat 10's) and additionally new products and services that were launched during the year performing very well (i.e. Accent 800 and Total LibCare). Based on a group incentive this excellent year allowed for an exceptional pension fund contribution of \$196k to be made which reduced the results of Liberator Ltd in isolation but not the overall group position.

In 2015 Liberator Ltd will continue to provide a wide range of industry leading AAC products that are well regarded for their durability, unrivalled support and the effective outcomes they deliver for our clients. We expect another exciting year as we launch further new products and services including the iOS app 'LAMP Words for Life' and related support options. This will enable our language system to reach a much broader market population due to price and the high usage of iPads within our industry. In addition the NHS has committed to increased funding for AAC in England from October 2014 with the launch of a new 'Hub and Spoke' service model. This is likely to significantly improve the prospects for people who require AAC as funding and support will be easier to obtain, consistently applied nationally and will also follow from childhood to adult life.

This report was approved by the board on 14/11/2014 and signed on its behalf.



Mr I C Thompson
Director

LIBERATOR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2014

The directors present their report and the financial statements for the year ended 30 September 2014.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the strategic report, 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 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 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 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.

RESULTS

The loss for the year, after taxation, amounted to US\$41,248 (2013 - profit US\$69,588).

DIRECTORS

The directors who served during the year were:

Mrs M E Broehl
Mr I C Thompson
Mr D Moffatt

LIBERATOR LIMITED

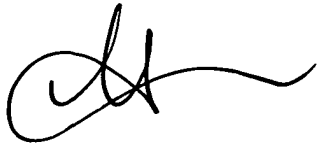
**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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 that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that 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.

This report was approved by the board on 14/11/2014 and signed on its behalf.



**Mr I C Thompson
Director**

LIBERATOR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIBERATOR LIMITED

We have audited the financial statements of Liberator Limited for the year ended 30 September 2014, set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2014 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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.

LIBERATOR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIBERATOR LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where 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.

Warren Tilbury (senior statutory auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants

Statutory Auditors

Salisbury House

Station Road

Cambridge

CB1 2LA

Date: 21 November 2014

LIBERATOR LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

	Note	2014 US\$	2013 US\$
TURNOVER	1	5,071,792	5,470,996
Cost of sales		(3,671,444)	(3,935,172)
		<hr/>	<hr/>
GROSS PROFIT		1,400,348	1,535,824
Administrative expenses		(1,452,421)	(1,446,064)
		<hr/>	<hr/>
OPERATING (LOSS)/PROFIT	3	(52,073)	89,760
Interest receivable and similar income		6,049	2,922
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(46,024)	92,682
Tax on (loss)/profit on ordinary activities	6	4,776	(23,094)
		<hr/>	<hr/>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	16	(41,248)	69,588
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 8 to 16 form part of these financial statements.

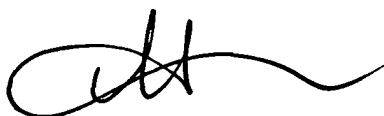
LIBERATOR LIMITED
REGISTERED NUMBER: 02590367

BALANCE SHEET
AS AT 30 SEPTEMBER 2014

	Note	US\$	2014 US\$	US\$	2013 US\$
FIXED ASSETS					
Tangible assets	7		227,866		647,938
Investments	8		184,522		184,522
			<u>412,388</u>		<u>832,460</u>
CURRENT ASSETS					
Stocks	10	455,422		485,800	
Debtors	11	615,056		736,770	
Cash at bank and in hand		2,072,423		1,367,926	
		<u>3,142,901</u>		<u>2,590,496</u>	
CREDITORS: amounts falling due within one year	12	(1,089,804)		(878,894)	
NET CURRENT ASSETS			<u>2,053,097</u>		<u>1,711,602</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,465,485</u>		<u>2,544,062</u>
CREDITORS: amounts falling due after more than one year	13		(186,645)		(223,974)
NET ASSETS			<u>2,278,840</u>		<u>2,320,088</u>
CAPITAL AND RESERVES					
Called up share capital	15		139,920		139,920
Profit and loss account	16		2,138,920		2,180,168
SHAREHOLDERS' FUNDS	17		<u>2,278,840</u>		<u>2,320,088</u>

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

14 November 2014



Mr I C Thompson
Director

The notes on pages 8 to 16 form part of these financial statements.

LIBERATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is a parent company, however it is also itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue from warranty agreements is recognised as the company earns the right to consideration as it performs its obligations under the terms of those contracts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% per annum straight line
Plant & machinery	-	20% to 33% per annum straight line

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.6 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

LIBERATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.10 Share capital

Share capital has been translated at the historic rate of £1 = US\$1.749.

1.11 Functional currency

The company acts as a distribution agent for its US parent undertaking and, as such, the majority of its transactions are denominated in US dollars (US\$). The financial statements have therefore been prepared in US\$, the company's functional currency. Monetary assets and liabilities denominated in any currency other than US\$ have been translated at the market exchange rate prevailing at the balance sheet date.

Transactions in foreign currencies are translated into US\$ at the rate ruling on the date of the transactions.

Exchange gains and losses are recognised in the profit and loss account.

2. TURNOVER

The whole of the turnover is attributable to the principal activity of the company.

A geographical analysis of turnover is as follows:

	2014 US\$	2013 US\$
United Kingdom	1,902,592	1,936,796
Rest of European Union	2,382,100	2,553,600
Rest of world	787,100	980,600
	<u>5,071,792</u>	<u>5,470,996</u>

LIBERATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

3. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting):

	2014 US\$	2013 US\$
Depreciation of tangible fixed assets:		
- owned by the company	79,629	94,416
Auditors' remuneration	21,750	23,776
Operating lease rentals:		
- plant and machinery	41,589	61,553
- other operating leases	26,373	22,935
Difference on foreign exchange	(4,047)	7,402
	<u> </u>	<u> </u>

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2014 US\$	2013 US\$
Wages and salaries	716,323	719,996
Social security costs	82,258	83,202
Other pension costs	237,962	43,630
	<u>1,036,543</u>	<u>846,828</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
Administration and sales	<u>12</u>	<u>14</u>

5. DIRECTORS' REMUNERATION

	2014 US\$	2013 US\$
Remuneration	<u>224,123</u>	<u>221,390</u>
Company pension contributions to defined contribution pension schemes	<u>215,696</u>	<u>20,735</u>
Compensation for loss of office	<u>-</u>	<u>33,030</u>

During the year retirement benefits were accruing to 1 director (2013 - 2) in respect of defined contribution pension schemes.

LIBERATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

6. TAXATION

	2014 US\$	2013 US\$
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the year	15,579	15,908
Deferred tax (see note 14)		
Origination and reversal of timing differences	(20,355)	7,186
Tax on (loss)/profit on ordinary activities	(4,776)	23,094

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - lower than) the standard rate of corporation tax in the UK of 20% (2013 - 20%). The differences are explained below:

	2014 US\$	2013 US\$
(Loss)/profit on ordinary activities before tax	(46,024)	92,682
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2013 - 20%)	(9,205)	18,536
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	40,475	383
Capital allowances for year in excess of depreciation	(15,691)	(3,011)
Current tax charge for the year (see note above)	15,579	15,908

LIBERATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

7. TANGIBLE FIXED ASSETS

	Freehold property US\$	Plant & machinery US\$	Total US\$
Cost			
At 1 October 2013	568,815	753,386	1,322,201
Additions	-	135,888	135,888
Disposals	(568,815)	(280,740)	(849,555)
At 30 September 2014	-	608,534	608,534
Depreciation			
At 1 October 2013	90,062	584,201	674,263
Charge for the year	5,688	73,941	79,629
On disposals	(95,750)	(277,474)	(373,224)
At 30 September 2014	-	380,668	380,668
Net book value			
At 30 September 2014	-	227,866	227,866
At 30 September 2013	478,753	169,185	647,938

8. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies US\$
Cost or valuation	
At 1 October 2013 and 30 September 2014	184,522
Net book value	
At 30 September 2014	184,522
At 30 September 2013	184,522

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Prentke Romich GmbH	Ordinary	100 %
Liberator Pty Limited	Ordinary	100 %

LIBERATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

8. FIXED ASSET INVESTMENTS (continued)

The aggregate of the share capital and reserves as at 30 September 2014 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves US\$	Profit/(loss) US\$
Prentke Romich GmbH	3,662,400	1,016,000
Liberator Pty Limited	832,700	261,000

9. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Prentke Romich GmbH	Germany	100	Distributor of communication aids
Liberator Pty Limited	Australia	100	Distributor of communication aids

10. STOCKS

	2014 US\$	2013 US\$
Finished goods and goods for resale	455,422	485,800

11. DEBTORS

	2014 US\$	2013 US\$
Trade debtors	263,332	333,567
Amounts owed by group undertakings	296,721	369,545
Corporation tax repayable	-	-
Other debtors	12,115	937
Prepayments and accrued income	14,822	25,010
Deferred tax asset (see note 14)	28,066	7,711
	615,056	736,770

LIBERATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

12. CREDITORS:

Amounts falling due within one year

	2014 US\$	2013 US\$
Trade creditors	59,803	50,436
Amounts owed to group undertakings	468,194	415,531
Corporation tax	15,695	15,908
Other taxation and social security	17,589	21,969
Other creditors	330,417	124,978
Accruals and deferred income	198,106	250,072
	<u>1,089,804</u>	<u>878,894</u>

13. CREDITORS:

Amounts falling due after more than one year

	2014 US\$	2013 US\$
Accruals and deferred income	<u>186,645</u>	<u>223,974</u>

14. DEFERRED TAX ASSET

	2014 US\$	2013 US\$
At beginning of year	7,711	14,897
Charged for year	20,355	(5,243)
Foreign exchange movement	-	(1,943)
	<u>28,066</u>	<u>7,711</u>

The deferred tax asset is made up as follows:

	2014 US\$	2013 US\$
Accelerated capital allowances	(11,773)	7,711
Short term timing differences	39,839	-
	<u>28,066</u>	<u>7,711</u>

LIBERATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

15. SHARE CAPITAL

	2014 US\$	2013 US\$
Allotted, called up and fully paid		
80,000 ordinary shares of £1 each	139,920	139,920

16. RESERVES

	Profit and loss account US\$
At 1 October 2013	2,180,168
Loss for the financial year	(41,248)
At 30 September 2014	2,138,920

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 US\$	2013 US\$
Opening shareholders' funds	2,320,088	2,250,500
(Loss)/profit for the financial year	(41,248)	69,588
Closing shareholders' funds	2,278,840	2,320,088

18. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to US\$237,962 (2013: US\$43,630). Contributions totalling US\$4,447 (2013: US\$4,659) were payable to the fund at the balance sheet date and are included in creditors.

LIBERATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014**

19. OPERATING LEASE COMMITMENTS

At 30 September 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2014	2013	2014	2013
	US\$	US\$	US\$	US\$
Expiry date:				
Within 1 year	5,606	-	-	8,071
Between 2 and 5 years	-	21,483	27,293	39,002

20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No. 8 from the requirement to make disclosures concerning related party transactions with group members. The company is a wholly owned subsidiary where 100% of the voting rights are owned by the parent.

During the prior year, transactions were made with TG Developments Limited, a company in which Mrs K Phillips-Clyne, a director who resigned in the prior year, had an interest. The transactions were as follows in 2013:

Sales US\$374
Purchases US\$6,757
Commissions US\$9,511

There was no balance owed by TG Developments Limited at 30 September 2013. TG Developments is no longer a related party.

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are prepared and of which the company is a member is Prentke Romich Co., a company registered in the United States of America. Copies of the accounts of Prentke Romich Co. can be obtained from 1022 Heyl Road, Wooster, Ohio 44691, U.S.A.

In the directors' opinion, there is no one ultimate controlling party.