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**LIBERATOR LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**LIBERATOR LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	Mr D H Hershberger Mr I C Thompson
<b>COMPANY SECRETARY</b>	Mr I C Thompson
<b>REGISTERED NUMBER</b>	02590367
<b>REGISTERED OFFICE</b>	Whitegates 25-27 High Street Swinstead Lincolnshire NG33 4PA
<b>INDEPENDENT AUDITORS</b>	Peters Elworthy & Moore Chartered Accountants & Statutory Auditors Salisbury House Station Road Cambridge CB1 2LA

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**LIBERATOR LIMITED**

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## **LIBERATOR LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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#### **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 directly to customers in the UK and Ireland and also globally through subsidiary companies in Germany (Prentke Romich GmbH) and Australia (Liberator Pty Ltd). Elsewhere Liberator works with a network of regional distributors.

Liberator Group turnover rose from \$12.18M to \$13.39M (+10%) on a like-for-like basis (adjusted for foreign currency movements) and operating profit rose by 38% to \$2.2M (unconsolidated).

This was an incredible group performance during what has been a very challenging period due to Coronavirus. Results within the group varied in a similar way to the severity of the COVID-19 impact by country. Our Australian subsidiary enjoyed record sales and profit, whilst seeing a minimal impact due to Coronavirus. Germany had a very good year but saw, and continues to see, some restrictions on the business due to Coronavirus. Activity within the UK and Ireland was hardest hit as direct client contact has been severely restricted since mid-March.

Liberator Limited saw sales rise by 4.8% during the financial year due to increased sales to our subsidiary companies and operating profits were double that of the previous financial year.

Coronavirus is the most significant business issue the company has had to deal with since the financial crisis of 2009. However, thanks to an incredibly pro-active team response we were quickly able to put COVID-19 measures in place and focus the business on maintaining high levels of customer support, whilst realigning the business to focus on new ways of working and the opportunities this presented. We were also fortunate to have just achieved ISO 9001 status (November 2019), which meant that our business processes and contingency plans were up-to-date and well known by all staff.

A business positive that has come out of this dreadful situation is that the business, and the industry, is now much better at delivering services virtually. Not only does this allow the best support to be delivered wherever it is needed and a wider group of participants to be involved, but it also allows our service to be delivered in a more efficient way as travel costs are reduced. This hopefully will be one positive that is retained in the 'new norm'.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

Coronavirus will continue to be a significant risk going into the new financial year, particularly as increased restrictions are applied due to increasing infection rates. In addition, the increased likelihood of a no deal Brexit and in particular the implications for our EU distributor relationships due to the new Medical Device Regulations which come into effect in May 2021, will also present a significant challenge to the business. However, we have contingency plans and the flexibility to react due to having a subsidiary company based within the EU.

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**LIBERATOR LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**FINANCIAL KEY PERFORMANCE INDICATORS**

- Turnover Growth: +4.8% (FY20); +1.4% (FY19)
- Gross Margin %: 24.0% (FY20); 29.0% (FY19)
- Operating Profit % Turnover: 2.5% (FY20); 1.0% (FY19) - after excluding income from group undertakings

**OTHER KEY PERFORMANCE INDICATORS**

- New opportunities added/won
- Number of repairs/tickets
- Staff/other costs as a % of turnover

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



**Mr I C Thompson**  
Director

Date: 27/11/2020

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## **LIBERATOR LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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The directors present their report and the financial statements for the year ended 30 September 2020.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Company during the period was to provide Augmentative and Alternative Communication (AAC) products in the UK and Ireland.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to \$103,082 (2019 - \$1,324,347).

Dividends amounting to \$Nil were declared in the year ended 30 September 2020 (2019 - \$2,000,000).

No dividends have been declared subsequent to the year end.

#### **DIRECTORS**

The directors who served during the year were:

Mrs M E Broehl (resigned 29 October 2019)  
Mr D H Hershberger  
Mr I C Thompson

#### **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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**LIBERATOR LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

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

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

**FUTURE DEVELOPMENTS**

During the following year, Liberator Limited will continue to provide a wide range of industry leading AAC products which are well regarded for their durability, unrivalled support and the effective outcomes they deliver. We therefore expect another productive and exciting year in all our markets.

**POST BALANCE SHEET EVENTS**

There were no other significant events affecting the Company since year end.

**AUDITORS**

The auditors, Peters Elworthy & Moore, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



**Mr I C Thompson**  
Director

Date: 27/11/2020

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## LIBERATOR LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERATOR LIMITED

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#### OPINION

We have audited the financial statements of Liberator Limited (the 'Company') for the year ended 30 September 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

#### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material



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## **LIBERATOR LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERATOR LIMITED (CONTINUED)**

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inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the 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.

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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## LIBERATOR LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERATOR LIMITED (CONTINUED)

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#### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

#### USE OF OUR REPORT

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

Sean McCann (Senior Statutory Auditor)  
for and on behalf of  
**Peters Elworthy & Moore**  
Chartered Accountants  
Statutory Auditors  
Salisbury House  
Station Road  
Cambridge  
CB1 2LA  
Date: 27 November 2020

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**LIBERATOR LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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	Note	2020 \$	2019 \$
Turnover	4	4,998,549	4,767,730
Cost of sales		(3,797,509)	(3,384,870)
<b>GROSS PROFIT</b>		<b>1,201,040</b>	<b>1,382,860</b>
Administrative expenses		(1,136,019)	(1,448,306)
Other operating income		59,271	-
<b>OPERATING PROFIT/(LOSS)</b>	6	<b>124,292</b>	<b>(65,446)</b>
Income from shares in group undertakings		-	1,366,400
Interest receivable and similar income	10	8,381	12,956
<b>PROFIT BEFORE TAX</b>		<b>132,673</b>	<b>1,313,910</b>
Tax on profit	11	(29,591)	10,437
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>103,082</b>	<b>1,324,347</b>

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019 - \$NIL).

The notes on pages 11 to 26 form part of these financial statements.

**LIBERATOR LIMITED**  
**REGISTERED NUMBER: 02590367**

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2020**

	Note	2020 \$	2019 \$
<b>FIXED ASSETS</b>			
Tangible assets	12	199,458	230,292
Investments	13	63,633	63,633
		<u>263,091</u>	<u>293,925</u>
<b>CURRENT ASSETS</b>			
Stocks	14	398,037	481,296
Debtors: amounts falling due within one year	15	386,662	333,092
Cash at bank and in hand	16	1,613,336	1,338,235
		<u>2,398,035</u>	<u>2,152,623</u>
Creditors: amounts falling due within one year	17	(593,249)	(478,719)
<b>NET CURRENT ASSETS</b>		<u>1,804,786</u>	<u>1,673,904</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,067,877</u>	<u>1,967,829</u>
Creditors: amounts falling due after more than one year	18	(38,282)	(40,517)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	19	(36,770)	(37,569)
		<u>(36,770)</u>	<u>(37,569)</u>
<b>NET ASSETS</b>		<u><u>1,992,825</u></u>	<u><u>1,889,743</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	139,920	139,920
Profit and loss account	22	1,852,905	1,749,823
		<u><u>1,992,825</u></u>	<u><u>1,889,743</u></u>

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



**Mr I C Thompson**  
**Director**

Date: 27/11/2020

The notes on pages 11 to 26 form part of these financial statements.

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**LIBERATOR LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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	Called up share capital	Profit and loss account	Total equity
	\$	\$	\$
<b>At 1 October 2018</b>	<b>139,920</b>	<b>2,425,476</b>	<b>2,565,396</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	1,324,347	1,324,347
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-</b>	<b>1,324,347</b>	<b>1,324,347</b>
Dividends: Equity capital	-	(2,000,000)	(2,000,000)
<b>At 1 October 2019</b>	<b>139,920</b>	<b>1,749,823</b>	<b>1,889,743</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	103,082	103,082
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-</b>	<b>103,082</b>	<b>103,082</b>
<b>AT 30 SEPTEMBER 2020</b>	<b>139,920</b>	<b>1,852,905</b>	<b>1,992,825</b>

The notes on pages 11 to 26 form part of these financial statements.

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## LIBERATOR LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 1. GENERAL INFORMATION

Liberator Limited is a private limited company incorporated in England and Wales. The Company's registered office is Whitegates, 25-27 High Street, Swinstead, Grantham, Lincolnshire, NG33 4PA.

#### 2. ACCOUNTING POLICIES

##### 2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Prentke Romich Co. as at 30 September 2020 and these financial statements may be obtained from 1022 Heyl Road, Wooster, Ohio 44691, U.S.A..

##### 2.3 GOING CONCERN

In assessing the ability of the Company to continue as a going concern, the directors have prepared budgets for the period to 30 September 2021 and considered the trading period beyond this.

During the Company's financial year the global health crisis caused by COVID-19 emerged which has had a significant impact on businesses and economies around the globe. With a pandemic declared in March 2020, the scale of the crisis was well known and the company had exceeded prior year turnover levels despite facing operational challenges and a fall in activity levels throughout the second half of the financial year.

The directors have assessed the potential impact, including the financial effects, of COVID-19 on the Company and, based on the information available, do not consider that it will lead to any impairments of assets held at the balance sheet date.

At the time of approving these financial statements the directors have also considered the working capital of the business and remain comfortable with their assessment that the Company will have sufficient funds available to finance its operations for a period of at least 12 months following the date of approval of these financial statements and accordingly they have prepared the financial statements on the going concern basis.

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## LIBERATOR LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 REVENUE

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

#### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

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

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

### 2.5 TANGIBLE FIXED ASSETS

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

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

Depreciation is provided on the following basis:

Plant and machinery	- Straight line over 3 to 5 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

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## LIBERATOR LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.6 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

### 2.7 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.8 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.9 CASH AND CASH EQUIVALENTS

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



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## LIBERATOR LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.10 FINANCIAL INSTRUMENTS

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 2.11 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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## LIBERATOR LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.12 FOREIGN CURRENCY TRANSLATION

#### Functional and presentation currency

The Company's functional and presentational currency is US Dollar.

#### Transactions and balances

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

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

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

### 2.13 OPERATING LEASES: THE COMPANY AS LESSEE

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

### 2.14 PENSIONS

#### Defined contribution pension plan

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

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

### 2.15 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

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## LIBERATOR LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.16 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

### 2.17 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### 2.18 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

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## LIBERATOR LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

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#### 3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include:

##### **Warranty provision**

An estimate is made for future costs to be incurred on previously sold goods where an item may need to be repaired or replaced under the warranty period. In making this assessment management take into consideration historical data of defect rates of different devices and average cost of repairing or replacing the item.

##### **Stock provision**

An allowance for obsolete stock is maintained based upon management's assessment of the expected sales of stock items. The stock provision is reviewed periodically to assess the adequacy of the provision. In making these assessments, management takes into consideration stock holding periods, estimated future sales, selling prices and selling costs. Where an item is held at more than the recoverable amount a provision is recorded to impair the stock item accordingly.

##### **Useful economic lives of tangible assets**

An estimate is made for the useful lives and residual values of tangible assets based on industry knowledge and historical useful lives of previously owned assets. In making this assessment, management have taken into consideration the industry conditions (including technological advancements), the expected use period and the resale market for second hand assets.

##### **Debtors**

An allowance for doubtful debtor balances is maintained for potential credit losses based upon management's assessment of the expected collectability of all accounts receivable. The allowance for doubtful debtor balances is reviewed periodically to assess the adequacy of the provision. In making this assessment, management takes into consideration any circumstances of which they are aware regarding a customer's inability to meet its financial obligations.

#### 4. TURNOVER

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

Analysis of turnover by country of destination:

	2020 \$	2019 \$
United Kingdom	1,541,212	2,137,635
Rest of Europe	1,903,102	1,766,149
Rest of the world	1,554,235	863,946
	<u>4,998,549</u>	<u>4,767,730</u>

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LIBERATOR LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020

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5. OTHER OPERATING INCOME

	2020 \$	2019 \$
Government grants receivable	59,271	-
	<u>59,271</u>	<u>-</u>

Government grants represent amounts receivable under the UK Government Coronavirus Job Retention Scheme (CJRS) to cover salaries of furloughed staff.

6. OPERATING PROFIT/(LOSS)

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

	2020 \$	2019 \$
Exchange differences	(63,365)	66,238
Other operating lease rentals	44,530	47,986
	<u>44,530</u>	<u>47,986</u>

7. AUDITORS' REMUNERATION

	2020 \$	2019 \$
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	13,150	12,821
	<u>13,150</u>	<u>12,821</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

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**LIBERATOR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**8. EMPLOYEES**

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

	2020 \$	2019 \$
Wages and salaries	718,797	844,087
Social security costs	71,281	84,746
Cost of defined contribution scheme	99,731	62,732
	<u>889,809</u>	<u>991,565</u>

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

	2020 No.	2019 No.
Administration and sales	<u>16</u>	<u>17</u>

**9. DIRECTORS' REMUNERATION**

	2020 \$	2019 \$
Directors' emoluments	182,287	244,249
Company contributions to defined contribution pension schemes	67,625	26,000
	<u>249,912</u>	<u>270,249</u>

During the year retirement benefits were accruing to 1 directors (2019 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of \$182,287 (2019 - \$244,269).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to \$67,625 (2019 - \$26,000).

**10. INTEREST RECEIVABLE**

	2020 \$	2019 \$
Other interest receivable	8,381	12,956
	<u>8,381</u>	<u>12,956</u>

**LIBERATOR LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**11. TAXATION**

	2020 \$	2019 \$
<b>CORPORATION TAX</b>		
Current tax on profits for the year	31,058	(15,003)
Adjustments in respect of previous periods	(668)	-
	<u>30,390</u>	<u>(15,003)</u>
<b>TOTAL CURRENT TAX</b>	<u>30,390</u>	<u>(15,003)</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(799)	4,566
<b>TOTAL DEFERRED TAX</b>	<u>(799)</u>	<u>4,566</u>
<b>TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES</b>	<u>29,591</u>	<u>(10,437)</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 \$	2019 \$
Profit on ordinary activities before tax	<u>132,673</u>	<u>1,313,910</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	25,208	249,643
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	37	74
Adjustments to tax charge in respect of prior periods	(233)	-
Fixed asset differences	304	-
Dividends from group companies	-	(259,616)
Changes in deferred tax rates	4,420	(538)
Current tax exchange difference arising on movement between opening and closing spot rates	(145)	-
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>29,591</u>	<u>(10,437)</u>

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LIBERATOR LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020

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12. TANGIBLE FIXED ASSETS

	Plant and machinery \$
<b>COST OR VALUATION</b>	
At 1 October 2019	843,889
Additions	60,702
Disposals	(21,308)
At 30 September 2020	<u>883,283</u>
<b>DEPRECIATION</b>	
At 1 October 2019	613,597
Charge for the year on owned assets	84,328
Disposals	(14,100)
At 30 September 2020	<u>683,825</u>
<b>NET BOOK VALUE</b>	
At 30 September 2020	<u>199,458</u>
At 30 September 2019	<u>230,292</u>

13. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies \$
<b>COST OR VALUATION</b>	
At 1 October 2019	63,633
At 30 September 2020	<u>63,633</u>



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**LIBERATOR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**13. FIXED ASSET INVESTMENTS (CONTINUED)**

**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Prentke Romich GmbH	GoethestralJe 31, 34119 Kassel, Germany	Ordinary	100%
Liberator Pty Limited	265 Gilbert Street, Adelaide, SA 5000	Ordinary	100%

The aggregate of the share capital and reserves as at 30 September 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves</b>	<b>Profit/(Loss)</b>
	<b>\$</b>	<b>\$</b>
Prentke Romich GmbH	4,058,700	763,881
Liberator Pty Limited	2,202,800	1,311,710

**14. STOCKS**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Finished goods and goods for resale	398,037	481,296
	<u>398,037</u>	<u>481,296</u>

**15. DEBTORS**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Trade debtors	201,287	173,040
Amounts owed by group undertakings	159,567	101,704
Other debtors	10,904	42,112
Prepayments and accrued income	14,904	16,236
	<u>386,662</u>	<u>333,092</u>

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**LIBERATOR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**16. CASH AND CASH EQUIVALENTS**

	2020 \$	2019 \$
Cash at bank and in hand	1,613,336	1,338,235
	<u>1,613,336</u>	<u>1,338,235</u>

**17. CREDITORS: Amounts falling due within one year**

	2020 \$	2019 \$
Trade creditors	50,289	43,318
Amounts owed to group undertakings	329,390	228,667
Corporation tax	34,245	-
Other taxation and social security	20,702	22,150
Other creditors	68,824	61,468
Accruals and deferred income	89,799	123,116
	<u>593,249</u>	<u>478,719</u>

**18. CREDITORS: Amounts falling due after more than one year**

	2020 \$	2019 \$
Accruals and deferred income	38,282	40,517
	<u>38,282</u>	<u>40,517</u>

**19. DEFERRED TAXATION**

	2020 \$	2019 \$
At beginning of year	(37,569)	(33,003)
Charged to the profit or loss	799	(4,566)
<b>AT END OF YEAR</b>	<u>(36,770)</u>	<u>(37,569)</u>

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**LIBERATOR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**19. DEFERRED TAXATION (CONTINUED)**

The provision for deferred taxation is made up as follows:

	2020 \$	2019 \$
Accelerated capital allowances	(36,770)	(37,569)
	<u>(36,770)</u>	<u>(37,569)</u>

**20. FINANCIAL INSTRUMENTS**

	2020 \$	2019 \$
<b>FINANCIAL ASSETS</b>		
Financial assets measured at fair value through profit or loss	1,613,336	1,338,235
Financial assets that are debt instruments measured at amortised cost	371,758	289,134
	<u>1,985,094</u>	<u>1,627,369</u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	(556,434)	(497,086)

Financial assets measured at fair value through profit or loss comprise of cash held by the company.

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, accruals, amounts owed to group undertakings and other creditors (excluding amounts owed to employees).

**21. SHARE CAPITAL**

	2020 \$	2019 \$
<b>Allotted, called up and fully paid</b>		
80,000 (2019 - 80,000) ordinary shares of £1.00 each	139,920	139,920

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

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**LIBERATOR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**22. RESERVES**

**Profit and loss account**

This reserve includes all current and prior period retained profits and losses.

**23. 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 represents contributions payable by the company to the fund and amounted to US\$99,731 (2019 - US\$62,732). Contributions totalling US\$NIL (2019 - US\$NIL) were payable to the fund at the balance sheet date and are included in creditors.

**24. COMMITMENTS UNDER OPERATING LEASES**

At 30 September 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 \$	2019 \$
Not later than 1 year	19,489	23,400
Later than 1 year and not later than 5 years	-	19,553
<b>LAND AND BUILDINGS</b>	<u>19,489</u>	<u>42,953</u>
	2020 \$	2019 \$
Not later than 1 year	14,578	20,751
Later than 1 year and not later than 5 years	1,997	17,174
<b>OTHER</b>	<u>16,575</u>	<u>37,925</u>

**25. RELATED PARTY TRANSACTIONS**

The parent company, Prentke Romich Co, prepares consolidated group accounts and accordingly the company has taken advantage of the exemptions contained within FRS 102 paragraph 33.1A not to disclose transactions with group undertakings.

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**LIBERATOR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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**26. CONTROLLING PARTY**

The parent company 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.