

COMPANY REGISTRATION NUMBER: 05654231

Liberis Limited
Financial Statements
Year ended 31 December 2019



Liberis Limited
Financial Statements
Year ended 31 December 2019

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Independent auditor's report to the members	7
Statement of income and retained earnings	10
Statement of financial position	11
Statement of cash flows	12
Notes to the financial statements	13

Liberis Limited

Officers and Professional Advisers

The board of directors

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

Company secretary

Manoj M Bithal

Registered office

11th Floor 1 Lyric Square
London
United Kingdom
W6 0NB

Auditor

BDO LLP
55 Baker St
Marylebone
London
United Kingdom
W1U 7EU

Liberis Limited

Strategic Report

Year ended 31 December 2019

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 increased significantly from £10,920k to £15,728k, with a loss before taxation of £2,167k compared to £3,879k in the prior year. This was in line with our expectations.

The significant rise in revenue is a result of an increased advances book.

Key financial indicators

	2019	2018
	£'000s	£'000s
Revenue	15,728	10,920
Gross profit	6,745	2,818
Profit/(loss) before taxation	(2,167)	(3,879)
EBITDA	(1,482)	(3,479)
Net assets/(liabilities)	(11,433)	(9,678)

Future developments

We expect to continue to grow our advances book throughout 2020 subject to the impact of the COVID-19 pandemic and believe that the company will manage its costs and remain at 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 £1,891k for the year to 31 December 2019 (2018: £3,665k 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 Company and concluded that, although current circumstances indicate the Company should be able to continue operations as a going concern, the overall breadth of the COVID-19 pandemic has raised enough indeterminable variables that could potentially impact the continuity of the business.

The directors have prepared cash flow forecasts for the period to December 2022 which indicate that, taking account of reasonably possible downside scenarios, the Company will have sufficient funds through repayments expected from the existing loan 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 reasonably possible downsides to their base case cash flow forecasts to assess the possible impact of reduced forecast income streams and not renewing the loan facility. 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.

Those forecasts also assume that the Group's lender will renew the Group's senior loan facility on 6 December 2020 of which 90% had been utilised at year end. The directors are confident that the loan facility will be renewed. As with any company placing reliance on continued financial support, the directors acknowledge that there can be no certainty that this facility will be renewed although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. For this reason and based on forecasts prepared, the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

Liberis Limited

Strategic Report *(continued)*

Year ended 31 December 2019

Going concern *(continued)*

However, should the facility not be renewed, the Group will enter into a run-off scenario whereby the current loan facility will need to be repaid within six months of expiry requiring the Group to seek alternative funding.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and therefore its ability to realise its 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 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 our organisation, our 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 our organisation.

One of the keys to mitigating risk is to ensure internal controls are robust 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 and communication

The company relies heavily on information technology. Our priority is to ensure the operation of our 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 our operation.

Working capital and banking facility and borrowings

The company utilises 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 our bank covenants.

Liberis Limited

Strategic Report *(continued)*

Year ended 31 December 2019

This report was approved by the board of directors on04/12/20..... and signed on behalf of the board by:



Mr T P Bason
Director

Registered office:
11th Floor 1 Lyric Square
London
United Kingdom
W6 0NB

Liberis Limited

Directors' Report

Year ended 31 December 2019

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

Directors

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

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

Dividends

The directors do not recommend the payment of a dividend.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 21 to the financial statements.

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 2019

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 on04/12/20..... and signed on behalf of the board by:



Mr T P Bason
Director

Registered office:
11th Floor 1 Lyric Square
London
United Kingdom
W6 0NB

Liberis Limited

Independent Auditor's Report to the Members of Liberis Limited

Year ended 31 December 2019

Opinion

We have audited the financial statements of Liberis Limited ("the Company") for the year ended 31 December 2019 which the statement of income and retained earnings, statement of financial position, statement of cash flows, and the 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 2019 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 indicates that the Groups senior loan facility, which the Company is party to and reliant on, is due for renewal within the next 12 months. 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 2019

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.

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

Opinions 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 and 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 by the Company, 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.

Liberis Limited

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

Year ended 31 December 2019

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, 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.

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.

A further description of our responsibilities for the audit of the financial statements is located 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
London, UK
7 December 2020

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 2019

	Note	2019 £'000s	2018 £'000s
Revenue	4	15,728	10,920
Cost of sales		(8,983)	(8,102)
Gross profit		6,745	2,818
Administrative expenses		(8,636)	(6,483)
Operating loss	5	(1,891)	(3,665)
Interest payable and similar expenses	9	(275)	(213)
Loss before taxation		(2,167)	(3,879)
Tax (credit) on loss	10	412	352
Loss for the financial year and total comprehensive income		(1,755)	(3,526)
Retained losses at the start of the year		(14,938)	(11,412)
Retained losses at the end of the year		(16,693)	(14,938)

All the activities of the company are from continuing operations.

The notes on pages 12 to 21 form part of these financial statements.

Liberis Limited
Statement of Financial Position
31 December 2019

	Note	2019 £'000s	2018 £'000s
Fixed assets			
Intangible assets	11	1,828	197
Tangible assets	12	186	196
		<u>2,014</u>	<u>393</u>
Current assets			
Debtors	13	4,312	2,628
Cash at bank and in hand		4,658	1,373
		<u>8,970</u>	<u>4,001</u>
Creditors: amounts falling due within one year	14	<u>(22,417)</u>	<u>(14,073)</u>
Net current liabilities		<u>(13,446)</u>	<u>(10,071)</u>
Total assets less current liabilities		<u>(11,433)</u>	<u>(9,678)</u>
Net liabilities		<u>(11,433)</u>	<u>(9,678)</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	(16,693)	(14,938)
Shareholders deficit		<u>(11,433)</u>	<u>(9,678)</u>

These financial statements were approved by the board of directors and authorised for issue on ...04/12/20....., and are signed on behalf of the board by:



Mr T P Bason
Director

Company registration number: 05654231

The notes on pages 12 to 21 form part of these financial statements.

Liberis Limited
Statement of Cash Flows
Year ended 31 December 2019

	2019 £'000s	2018 £'000s
Cash flows from operating activities		
Loss for the financial year	(1,755)	(3,526)
<i>Adjustments for:</i>		
Depreciation of tangible assets	109	99
Amortisation of intangible assets	300	88
Interest payable and similar expenses	275	213
Tax on loss	(412)	(352)
Accrued expenses	499	194
<i>Changes in:</i>		
Trade and other debtors	(1,684)	(1,665)
Trade and other creditors	(2,661)	1,817
Cash generated from operations	(5,329)	(3,133)
Interest paid	(275)	(213)
Tax received	412	326
Net cash used in operating activities	<u>(5,192)</u>	<u>(3,020)</u>
Cash flows from investing activities		
Purchase of tangible assets	(99)	(160)
Purchase of intangible assets	(1,931)	(9)
Net cash used in investing activities	<u>(2,030)</u>	<u>(169)</u>
Cash flows from financing activities		
Proceeds from loans from group undertakings	10,507	3,813
Net cash from financing activities	<u>10,507</u>	<u>3,813</u>
Net increase in cash and cash equivalents	3,285	624
Cash and cash equivalents at beginning of year	1,373	749
Cash and cash equivalents at end of year	<u>4,658</u>	<u>1,373</u>

The notes on pages 12 to 21 form part of these financial statements.

Liberis Limited
Notes to the Financial Statements
Year ended 31 December 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 11th Floor 1 Lyric Square, London, W6 0NB, United Kingdom.

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 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 £1,891k for the year to 31 December 2019 (2018: £3,665k 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 Company and concluded that, although current circumstances indicate the Company should be able to continue operations as a going concern, the overall breadth of the COVID-19 pandemic has raised enough indeterminable variables that could potentially impact the continuity of the business.

The directors have prepared cash flow forecasts for the period to December 2022 which indicate that, taking account of reasonably possible downside scenarios, the Company will have sufficient funds through repayments expected from the existing loan 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 reasonably possible downsides to their base case cash flow forecasts to assess the possible impact of reduced forecast income streams and not renewing the loan facility. 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.

Those forecasts also assume that the Group's lender will renew the Group's senior loan facility on 6 December 2020 of which 90% had been utilised at year end. The directors are confident that the loan facility will be renewed. As with any company placing reliance on continued financial support, the directors acknowledge that there can be no certainty that this facility will be renewed although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. For this reason and based on forecasts prepared, the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

Liberis Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

3. Accounting policies *(continued)*

Going concern *(continued)*

However, should the facility not be renewed, the Group will enter into a run-off scenario whereby the current loan facility will need to be repaid within six months of expiry requiring the Group to seek alternative funding.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and therefore its ability to realise its 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 judgement are made by the directors in relation to expected collection periods which impacts revenue recognition on an effective interest rate.

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 advances 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 advances balances.

Income 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.

Liberis Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2019

3. Accounting policies (continued)

Income tax (continued)

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.

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

Liberis Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

3. Accounting policies *(continued)*

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.

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.

4. Revenue

Revenue arises from:

	2019	2018
	£'000s	£'000s
Rendering of services	15,728	10,920

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

Liberis Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

5. Operating profit

Operating profit or loss is stated after charging/(crediting):

	2019 £'000s	2018 £'000s
Amortisation of intangible assets	300	88
Depreciation of tangible assets	109	99
Foreign exchange differences	(151)	(3)
Operating lease charge	<u>625</u>	<u>559</u>

6. Auditor's remuneration

	2019 £'000s	2018 £'000s
Fees payable for the audit of the financial statements	<u>54</u>	<u>10</u>

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

7. Staff costs

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

	2019 No.	2018 No.
Administrative staff	121	88
Management staff	<u>4</u>	<u>4</u>
	<u>125</u>	<u>92</u>

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

	2019 £'000s	2018 £'000s
Wages and salaries	6,970	4,784
Social security costs	810	552
Other pension costs	<u>133</u>	<u>59</u>
	<u>7,913</u>	<u>5,395</u>

£1,289k of salary costs have been capitalised and are not included within the profit and loss.

8. Directors' remuneration

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

	2019 £'000s	2018 £'000s
Remuneration	351	339
Company contributions to defined contribution pension plans	<u>9</u>	<u>5</u>
	<u>360</u>	<u>344</u>

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

	2019 £'000s	2018 £'000s
Aggregate remuneration	221	231
Company contributions to defined contribution pension plans	<u>5</u>	<u>3</u>
	<u>226</u>	<u>234</u>

Liberis Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

9. Interest payable and similar expenses

	2019 £'000s	2018 £'000s
Interest on banks loans and overdrafts	<u>275</u>	<u>213</u>

10. Tax on loss

Major components of taxable income

	2019 £'000s	2018 £'000s
Current tax:		
UK current tax income	(412)	(326)
Deferred tax:		
Origination and reversal of timing differences	—	(26)
Tax on loss	<u>(412)</u>	<u>(352)</u>

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £'000s	2018 £'000s
Loss on ordinary activities before taxation	<u>(2,167)</u>	<u>(3,879)</u>
Loss on ordinary activities by rate of tax	(412)	(737)
Effect of expenses not deductible for tax purposes	66	26
Effect of capital allowances and depreciation	21	7
Deferred tax reversal	—	(26)
Effect of revenue items capitalised and capital items expensed	(367)	5
Unused tax losses	692	699
Prior year R&D credit	(412)	(326)
Tax on loss	<u>(412)</u>	<u>(352)</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 £2,565,000. Deferred tax has been measured at 17%, the effective rate from 01 April 2020, in line with government announcements made as at the year end date.

Liberis Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

11. Intangible assets

	Software Development costs £'000s
Cost	
At 1 January 2019	455
Additions	1,931
At 31 December 2019	2,386
Amortisation	
At 1 January 2019	258
Charge for the year	300
At 31 December 2019	558
Carrying amount	
At 31 December 2019	1,828
At 31 December 2018	197

12. Tangible assets

	Leasehold Property improvements £'000s	Fixtures and Fittings £'000s	Computers £'000s	Total £'000s
Cost				
At 1 January 2019	68	48	369	485
Additions	–	1	98	99
At 31 December 2019	68	49	467	584
Depreciation				
At 1 January 2019	13	35	241	289
Charge for the year	14	8	87	109
At 31 December 2019	27	43	328	398
Carrying amount				
At 31 December 2019	41	6	139	186
At 31 December 2018	54	13	128	196

Liberis Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

13. Debtors

	2019 £'000s	2018 £'000s
Advances	–	14
Amounts owed by group undertakings	3,324	1,832
Prepayments and accrued income	489	349
Corporation tax repayable	412	–
Directors loan account	38	38
Other debtors	49	395
	<u>4,312</u>	<u>2,628</u>

14. Creditors: amounts falling due within one year

	2019 £'000s	2018 £'000s
Trade creditors	1,040	1,759
Amounts owed to group undertakings	19,392	8,885
Accruals and deferred income	1,715	1,217
Social security and other taxes	234	195
Other creditors	35	2,017
	<u>22,417</u>	<u>14,073</u>

15. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2019 £'000s	2018 £'000s
Financial assets that are debt instruments measured at amortised cost		
Advances	–	15
Amounts owed from group undertakings	3,324	1,832
Other debtors & directors loan	87	432
	<u>3,411</u>	<u>2,279</u>
Financial liabilities measured at amortised cost		
Trade creditors	1,040	1,759
Amounts owed to group undertakings	19,392	8,885
Accruals	1,715	1,217
Other creditors	35	2,017
	<u>22,182</u>	<u>13,878</u>

16. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£'000s	No.	£'000s
Ordinary shares of £0.01 each	168,554,868	1,686	168,554,868	1,686

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 2019

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
Apr-16	136,500	71,875	Apr-20
May-16	4,000	1,000	May-20
Jan-17	57,410	54,059	Jan-17
Sep-17	14,000	14,000	Sep-21
Jan-18	76,323	54,415	Jan-18
Jan-18	115,710	100,809	Jan-22
Oct-18	24,500	24,500	Oct-19
Apr-19	34,500	34,500	Jan-22
Apr-19	21,690	21,690	Apr-19
May-19	12,000	12,000	May-23
	898,848	791,063	

No options were exercised during the period. The total expense recognised in profit or loss for the period was £nil (2018: £nil). The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year.

	2019 No.	2019 WAEP £	2018 No.	2018 WAEP £
Outstanding b/forward	673,496	3.87	522,845	3.45
Granted during the year	183,970	5.18	192,033	5.18
Exercised during the year	-	-	-	-
Expired during the year	(66,403)	4.82	(41,382)	4.82
Outstanding c/forward	791,063	3.87	673,496	3.87

19. Analysis of changes in net debt

	At 1 Jan 2019 £'000s	Cash flows £'000s	At 31 Dec 2019 £'000s
Cash at bank and in hand	1,373	3,285	4,658
Debt due within one year	(8,885)	(10,507)	(19,392)
	<u>(7,512)</u>	<u>(7,222)</u>	<u>(14,734)</u>

Liberis Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2019

20. Operating leases

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

	2019	2018
	£'000s	£'000s
Not later than 1 year	898	221
Later than 1 year and not later than 5 years	–	18
	<u>898</u>	<u>239</u>

21. Events after the end of the reporting period

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 Company and concluded that, although current circumstances indicate the Company should be able to continue operations as a going concern, the overall breadth of the COVID-19 pandemic has raised enough indeterminable variables that could potentially impact the continuity of the business.

22. Directors' advances, credits and guarantees

During the year the directors were advanced £nil (2018: £nil) and at the year end the directors owed £38k (2018: £38k) to the company. There is no interest charged on this balance.

23. Related party transactions

At the year end the company was owed £3,324k (2018: £1,832k) from group companies.

£66,420k (2018: £48,313k) of the creditors in group companies are secured against all assets across the group, including Liberis Limited.

At the year end the company owed £19,392k (2018: £8,885k) to group companies.

At the year end the company owed £18k (2018: £238k) to companies related through common control and directorship.

24. Controlling party

At the balance sheet date, the company's immediate and 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.