

Company Registration No. 08066586 (England and Wales)

**LAWBIT LIMITED**

**Unaudited financial statements**

**For the year ended 31 May 2018**

**Pages for filing with registrar**

# **LAWBIT LIMITED**

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# LAWBIT LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 May 2018

	Notes	2018 £	£	2017 £	£
<b>Non-current assets</b>					
Property, plant and equipment	3		3,489		810
Investments	4		1		-
			<u>3,490</u>		<u>810</u>
<b>Current assets</b>					
Trade and other receivables	5	554,383		215,969	
Cash and cash equivalents		288,319		31,893	
		<u>842,702</u>		<u>247,862</u>	
<b>Current liabilities</b>	6	(904,354)		(269,952)	
<b>Net current liabilities</b>			<u>(61,652)</u>		<u>(22,090)</u>
<b>Total assets less current liabilities</b>			<u>(58,162)</u>		<u>(21,280)</u>
<b>Equity</b>					
Called up share capital	7		29,142		26,128
Share premium account			1,766,119		1,196,706
Retained earnings			<u>(1,853,423)</u>		<u>(1,244,114)</u>
<b>Total equity</b>			<u>(58,162)</u>		<u>(21,280)</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 May 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 28 February 2019 and are signed on its behalf by:

Mr C Rich  
Director

Company Registration No. 08066586

## LAWBIT LIMITED

### STATEMENT OF CHANGES IN EQUITY

For the year ended 31 May 2018

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
<b>Balance at 1 June 2016</b>		22,844	769,802	(908,519)	(115,873)
<b>Year ended 31 May 2017:</b>					
Loss and total comprehensive income for the year		-	-	(335,595)	(335,595)
Issue of share capital	7	3,284	426,904	-	430,188
<b>Balance at 31 May 2017</b>		26,128	1,196,706	(1,244,114)	(21,280)
<b>Year ended 31 May 2018:</b>					
Loss and total comprehensive income for the year		-	-	(609,310)	(609,310)
Issue of share capital	7	3,014	569,414	-	572,428
<b>Balance at 31 May 2018</b>		29,142	1,766,120	(1,853,424)	(58,162)

# LAWBIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2018

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### 1 Accounting policies

#### Company information

LawBit Limited is a private company limited by shares incorporated in England and Wales. The registered office is Connect House, 133-137 Alexandra Road, Wimbledon, London, SW19 7JY.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

Despite the company having net current liabilities and net total liabilities at the balance sheet date, at the time of approving the financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

#### 1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment

Website development 25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

# LAWBIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2018

### 1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.6 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

##### *Basic financial assets*

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### *Classification of financial liabilities*

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 company after deducting all of its liabilities.

# LAWBIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2018

### 1 Accounting policies

(Continued)

#### *Basic financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

#### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

## LAWBIT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2018

#### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 9 (2017 - 3).

The company began employing staff in the previous financial year and had three employees at 31 May 2017, increasing to ten employees by 31 May 2018.

#### 3 Property, plant and equipment

	Plant and machinery etc £
<b>Cost</b>	
At 1 June 2017	36,552
Additions	5,012
	<hr/>
At 31 May 2018	41,564
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<b>Depreciation and impairment</b>	
At 1 June 2017	36,552
Depreciation charged in the year	1,523
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At 31 May 2018	38,075
	<hr/>
<b>Carrying amount</b>	
At 31 May 2018	3,489
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At 31 May 2017	810
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#### 4 Fixed asset investments

	2018 £	2017 £
Investments	1	-
	<hr/>	<hr/>



# LAWBIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2018

### 4 Fixed asset investments (Continued)

#### Movements in non-current investments

	Shares in participating interests £
<b>Cost or valuation</b>	
At 1 June 2017	-
Additions	1
	<hr/>
At 31 May 2018	1
	<hr/>
<b>Carrying amount</b>	
At 31 May 2018	1
	<hr/>
At 31 May 2017	-
	<hr/>

### 5 Trade and other receivables

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Corporation tax recoverable	33,440	-
Amounts due from related parties	53,386	20,709
Other receivables	467,557	195,260
	<hr/>	<hr/>
	554,383	215,969
	<hr/>	<hr/>

### 6 Current liabilities

	2018 £	2017 £
<b>Notes</b>		
Non-bank borrowing	120,159	100,000
Payments received in advance of a share issue	355,000	-
Trade payables	10,629	431
Amounts owed to Lawbit Isle of Man Limited	221,228	-
Corporation tax	57,554	-
Other taxation and social security	19,081	55,634
Other payables	59,440	41,469
Accruals and deferred income	61,263	72,418
	<hr/>	<hr/>
	904,354	269,952
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The amounts owed to Lawbit Isle of Man Limited have been loaned to the company from its joint venture investment in the Isle of Man where they were received from the Department for Enterprise (a Department of the Isle of Man Government) as part of an arrangement which included the issue of warrants to the Department for Enterprise as detailed in note 7.

## LAWBIT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2018

#### 7 Called up share capital

	2018	2017
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
2,914,191 Ordinary Shares of 1p each	29,142	26,128
	<u>29,142</u>	<u>26,128</u>
	<u><u>29,142</u></u>	<u><u>26,128</u></u>

During the year the company issued warrants which entitle the holder to subscribe for up to 178,588 A shares in the company at an agreed subscription price. The Ordinary shares and A shares confer differing rights as to income and capital distribution in accordance with the Articles of Association, while the A shareholders can opt to convert their shares to Ordinary shares should particular events occur.

#### 8 Related party transactions

##### Transactions with related parties

During the year Lawbit Limited recharged consultants costs of £364,871 (2017: £196,120) and general overheads of £243,247 (2017: £130,746) to a company which shares common directors, while the company also paid for certain administration costs on behalf of Lawbit Limited. At the balance sheet date Lawbit Limited owed £51,527 to the related company (2017: £2,167 due from related company).

During the year Lawbit Limited received management services from a company which shares common directors and was charged £67,333 (2017: £69,154) for these management services. At the balance sheet date Lawbit Limited was owed £53,386 (2017: £18,542) from this related company.

During the year the company received a loan from a company in which it owns 50% of the issued share capital. The loan is non-interest bearing and not subject to any specific terms. The amount due to the related company at 31 May 2018 was £250,000.

##### Transactions with directors

The company provided a loan to the directors during the period. At 31 May 2018 a total of £302,461 was due to the company (2017: £193,482). The loan is interest free and repayable on demand.

It is expected that the loan will be repaid in full in the year to 31 May 2019 by a combination of cash settlement and the assignment of the loan as settlement of future costs for management services.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.