Registered number: 08188404

MAISTRO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Bishop Fleming

MAISTRO LIMITED

COMPANY INFORMATION

Directors	Mr P Shuldham-Legh (appointed 1 October 2019) Mr N Upton (appointed 1 October 2019) Mr L B N Dallaglio (appointed 19 November 2020) Mr R A Rae Mr L A J Cook (resigned 8 October 2020) Mr D S Rowe (resigned 3 January 2020) Mr I S Cleverly (resigned 23 August 2019) Mr R Croft (resigned 20 August 2019) Ms P Mardia (resigned 20 August 2019)
Company secretary	R Croft
Registered number	08188404
Registered office	1a Grow on Building 3 Babbage Way, Clyst Honiton Exeter EX5 2FN
Independent auditors	Bishop Fleming LLP Chartered Accountants & Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS

MAISTRO LIMITED

CONTENTS

Strategic review

2019 was a very disappointing year for the business and the Board carried out a thorough review of the business at the end of 2019 and early 2020. While the business is in a very exciting space and has valuable legacy IP with very talented people, this potential needed time to evolve outside the scrutiny of the public markets with a new leadership team.

The Directors therefore took the decision to de-list from the AIM market, and appoint a new Board and Management Team with significant expertise in BPO and procurement through the appointment of Neville Upton as Executive Chairman, and Philip Shuldham-Legh as Chief Executive (previously Strategic Development Director). The Board is delighted that we have installed a very experienced team with a track record of successfully working together. The team have refocused the business, redeveloped the Maistro Platform and the Maistro "way" to focus on becoming world-leaders in managing tail spend for services. This gives the business the opportunity to focus on a niche, hitherto largely unaddressed market segment. We are already working in partnership with some very large and prestigious brands to help assess and manage their tail spend for services.

Tail spend for services has been difficult and often uneconomic for businesses to properly manage. Maistro has become very efficient at managing this spend combining an increasingly automated platform with an ever-growing knowledge base to enable it to source suppliers at a fraction of the cost and time. The economic pressures from the Covid pandemic have served as a catalyst for many businesses to assess all their cost base. As importantly, it has become paramount for companies to understand their whole supply chain in terms of compliance, alignment and reliability. We believe we have an elegant solution to help procurement deliver these objectives and the prospects for 2021 and beyond are looking very positive.

Maistro's client base has grown rapidly through the second half of 2020 and we are now working with several large and prestigious brands across several sectors. This growth in client base is expected to continue through 2021. The key performance indicators for the Group are (1) Client Spend, (2) Platform Revenue, (3) EBITDA and (4) Net Cashflow.

We are also very proud of our partnership with American Express where they promote the use of our services across their whole client base and we have integrated their payment platform into Maistro – delivering additional cashflow and expense management capabilities.

All businesses carry risks and uncertainties. For Maistro these are (1) the sales cycle from qualified opportunity to billable activity, (2) the impact of Covid on our clients decision making process and the impact on our people, and (3) funding through to cash breakeven. These are reviewed regularly by the Management Team and the Board.

None of this considerable progress would have been made without the commitment and passion of our people who have worked tirelessly throughout a very difficult 2020 to help turn around the business. We have a strong team with extensive tail spend knowledge across all the major spend categories and we continue to invest heavily in this area. Our other major investment has been in the platform where we are incorporating the advantages of AI and robotics to automate many of the work streams. This road map of further automation and client integration will continue throughout 2021 driving yet further efficiencies and enabling our clients to have much greater control and insight into their tail spend.

To fund the restructuring of the business the Group raised a total of £2.6m in 2020. We have enjoyed the support of our major shareholders and brought in our first institutional shareholder in October 2020. The directors are in the process of securing the financial support it requires to grow the business. We have good reason to be confident that this funding will be secured.

This report was approved by the board on 16 February 2021 and signed on its behalf.

Mr P Shuldham-Legh
Director

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

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £4,131,338 (2018: loss £2,905,195).

No dividends have been declared in the year ended 31 December 2019 and the directors do not propose the payment of a final dividend.

Directors

The directors who served during the year were:

Mr P Shuldham-Legh (appointed 1 October 2019)
Mr N Upton (appointed 1 October 2019)
Mr R A Rae
Mr L A J Cook (resigned 8 October 2020)
Mr R Croft (resigned 20 August 2019)
Mr I S Cleverly (resigned 23 August 2019)
Ms P Mardia (resigned 20 August 2019)
Mr D S Rowe (resigned 3 January 2020)

Future developments

Future developments are fully set out in the Strategic Report.

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 and the Group'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 and the Group's auditors are aware of that information.

Post balance sheet events

Following the end of the financial year the Company has undertaken two separate fundraising in March 2020 and September 2020. Proceeds from these investment rounds totalled £2.6m. In addition the Company capitalised loans totalling £0.7m in January 2020.

Auditors

The auditors, Bishop Fleming LLP, 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.

Mr P Shuldham-Legh
Director

Date: 16 February 2021

1a Grow on Building
3 Babbage Way, Clyst Honiton
Exeter
EX5 2FN

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAISTRO LIMITED

Opinion

We have audited the financial statements of Maistro Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Consolidated Income statement, the Consolidated Statement of comprehensive income, the Consolidated and Company Statements of financial position, the Consolidated Statement of cash flows, the Consolidated analysis of net debt, the Consolidated and Company 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 Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which refers to the significant challenges and uncertainties the Group faces in respect of the Coronavirus (COVID-19) pandemic and future funding. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Financial Statements, 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 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 Group 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 Group 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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. 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.

Bishop Fleming LLP

Fleur Lewis FCA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS
Date: 25/02/21

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	**335,877**	1,501,560
Cost of sales		**(268,191)**	(1,370,886)
Gross profit		**67,686**	130,674
Administrative expenses		**(4,143,012)**	(3,202,754)
Operating loss	5	**(4,075,326)**	(3,072,080)
Interest receivable and similar income	9	**2,574**	8,168
Interest payable and similar expenses	10	**(60,845)**	(96)
Loss before tax		**(4,133,597)**	(3,064,008)
Tax on loss	11	**2,259**	158,813
Loss for the financial year		**(4,131,338)**	(2,905,195)
Loss for the year attributable to:			
Owners of the parent		**(4,131,338)**	(2,905,195)
		(4,131,338)	(2,905,195)

The notes on pages 19 to 39 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Loss for the financial year		**(4,131,338)**	(2,905,195)
Other comprehensive income			
Currency translation differences		-	(269)
Other comprehensive income for the year		-	(269)
Total comprehensive income for the year		**(4,131,338)**	(2,905,464)
(Loss) for the year attributable to:			
Owners of the parent Company		**(4,131,338)**	(2,905,195)
		(4,131,338)	(2,905,195)
Total comprehensive income attributable to:			
Owners of the parent Company		**(4,131,338)**	(2,905,464)
		(4,131,338)	(2,905,464)

The notes on pages 19 to 39 form part of these financial statements.

MAISTRO LIMITED
REGISTERED NUMBER:08188404

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note		2019 £		2018 £
Fixed assets					
Intangible assets	12		**996**		1,222,449
Tangible assets	13		**155,481**		24,000
			156,477		1,246,449
Current assets					
Debtors: amounts falling due within one year	15	**51,266**		822,900	
Cash at bank and in hand	16	**121,077**		1,091,383	
		172,343		1,914,283	
Creditors: amounts falling due within one year	17	**(1,344,470)**		(1,115,440)	
Net current (liabilities)/assets			**(1,172,127)**		798,843
Total assets less current liabilities			**(1,015,650)**		2,045,292
Net (liabilities)/assets			**(1,015,650)**		2,045,292
Capital and reserves					
Called up share capital	19		**4,011,058**		3,071,058
Share premium account	20		**24,332,215**		24,332,215
Equity conversion reserve	20		**-**		11,119
Share-based payment reserve	20		**156,282**		404,199
Foreign exchange reserve	20		**-**		(9,921)
Warrant reserve	20		**-**		297
Merger reserve	20		**1,061,789**		1,061,789
Profit and loss account	20		**(30,576,994)**		(26,825,464)
Equity attributable to owners of the parent Company			**(1,015,650)**		2,045,292
			(1,015,650)		2,045,292

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

Mr P Shuldham-Legh
Director

Date: 16 February 2021

The notes on pages 19 to 39 form part of these financial statements.

MAISTRO LIMITED
REGISTERED NUMBER:08188404

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note		2019 £		2018 £
Fixed assets					
Investments	14		**50,000**		2,900,995
			50,000		2,900,995
Current assets					
Debtors: amounts falling due within one year	15	**342**		46,480	
Cash at bank and in hand	16	**59,948**		1,042,727	
		60,290		1,089,207	
Creditors: amounts falling due within one year	17	**(808,423)**		(143,591)	
Net current (liabilities)/assets			**(748,133)**		945,616
Total assets less current liabilities			**(698,133)**		3,846,611
Net (liabilities)/assets			**(698,133)**		3,846,611
Capital and reserves					
Called up share capital	19		**4,011,058**		3,071,058
Share premium account	20		**24,327,801**		24,327,801
Share-based payment reserve	20		**156,282**		404,199
Warrant reserve	20		**-**		297
Merger reserve	20		**(196,772)**		(196,772)
Profit and loss account brought forward		**(23,759,972)**		(15,458,848)	
Loss for the year		**(5,248,639)**		(8,301,124)	
Transfers into the profit and loss account		**12,109**		-	
Profit and loss account carried forward			**(28,996,502)**		(23,759,972)
			(698,133)		3,846,611

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

Mr P Shuldham-Legh
Director

Date: 16 February 2021

The notes on pages 19 to 39 form part of these financial statements.

MAISTRO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Share-based payment reserve	Equity conversion reserve	Foreign exchange reserve	Warrant reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£	£	£
At 1 January 2019	3,071,058	24,332,215	404,199	11,119	(9,921)	297	1,061,789	(26,825,464)	2,045,292
Comprehensive income for the year									
Loss for the year	-	-	-	-	-	-	-	(4,131,338)	(4,131,338)
Shares issued during the year	940,000	-	-	-	-	-	-	-	940,000
Costs of share issue	-	-	-	-	-	-	-	(54,710)	(54,710)
Transfers between reserves	-	-	(247,917)	(11,119)	9,921	(297)	-	434,518	185,106
Total transactions with owners	940,000	-	(247,917)	(11,119)	9,921	(297)	-	379,808	1,070,396
At 31 December 2019	4,011,058	24,332,215	156,282	-	-	-	1,061,789	(30,576,994)	(1,015,650)

The notes on pages 19 to 39 form part of these financial statements.

MAISTRO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Share-based payment reserve	Equity conversion reserve	Foreign exchange reserve	Warrant reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£	£	£
At 1 January 2018	1,770,926	24,334,182	220,317	5,559	(9,652)	307	1,061,789	(23,920,269)	3,463,159
Comprehensive income for the year									
Loss for the year	-	-	-	-	-	-	-	(2,905,195)	(2,905,195)
Other comprehensive income	-	-	-	-	(269)	-	-	-	(269)
Total comprehensive income for the year	-	-	-	-	(269)	-	-	(2,905,195)	(2,905,464)
Shares issued during the year	1,300,132	129,749	-	-	-	-	-	-	1,429,881
Transfers between reserves	-	(131,716)	183,882	-	-	(10)	-	-	52,156
Conversion of convertible debt	-	-	-	5,560	-	-	-	-	5,560
Total transactions with owners	1,300,132	(1,967)	183,882	5,560	-	(10)	-	-	1,487,597
At 31 December 2018	3,071,058	24,332,215	404,199	11,119	(9,921)	297	1,061,789	(26,825,464)	2,045,292

The notes on pages 19 to 39 form part of these financial statements.

MAISTRO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Share-based payment reserve	Warrant reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 January 2019	3,071,058	24,327,801	404,199	297	(196,772)	(23,759,972)	3,846,611
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(5,248,639)	(5,248,639)
Shares issued during the year	940,000	-	-	-	-	-	940,000
Transfer to/from profit and loss account	-	-	-	-	-	(54,710)	(54,710)
Transfers between reserves	-	-	(247,917)	(297)	-	66,819	(181,395)
Total transactions with owners	940,000	-	(247,917)	(297)	-	12,109	703,895
At 31 December 2019	4,011,058	24,327,801	156,282	-	(196,772)	(28,996,502)	(698,133)

The notes on pages 19 to 39 form part of these financial statements.

MAISTRO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Share-based payment reserve	Warrant reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 January 2018	1,770,929	24,334,182	177,876	307	(196,772)	(15,458,848)	10,627,674
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(8,301,124)	(8,301,124)
Shares issued during the year	1,300,129	125,335	-	-	-	-	1,425,464
Issue costs recognised in equity	-	(131,716)	226,323	(10)	-	-	94,597
Total transactions with owners	1,300,129	(6,381)	226,323	(10)	-	-	1,520,061
At 31 December 2018	3,071,058	24,327,801	404,199	297	(196,772)	(23,759,972)	3,846,611

The notes on pages 19 to 39 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from operating activities		
Loss for the financial year	**(4,131,338)**	(2,905,195)
Adjustments for:		
Amortisation of intangible assets	**1,303,206**	758,463
Depreciation of tangible assets	**65,963**	16,865
Impairments of fixed assets	**284,529**	-
Loss on disposal of tangible assets	**1,604**	-
Interest paid	**60,845**	96
Interest received	**(2,574)**	(8,168)
Taxation charge	**(2,259)**	(158,813)
Decrease/(increase) in debtors	**617,342**	(276,107)
(Decrease)/increase in creditors	**(526,135)**	191,603
Net fair value losses recognised in P&L	**-**	4,388
Corporation tax received	**161,714**	151,133
Share-based payments charge	**185,106**	183,882
Effect of foreign exchange translation	**-**	903
Net cash generated from operating activities	**(1,981,997)**	(2,040,950)
Cash flows from investing activities		
Purchase of intangible fixed assets	**(366,281)**	(612,489)
Purchase of tangible fixed assets	**(199,047)**	(15,596)
Interest received	**2,574**	8,168
Net cash from investing activities	**(562,754)**	(619,917)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from financing activities		
Issue of ordinary shares	**940,000**	1,429,871
Expenses paid in connection with share issue	**(54,710)**	(131,716)
Other new loans	**750,000**	-
Interest paid	**(60,845)**	(96)
Net cash used in financing activities	**1,574,445**	1,298,059
Net (decrease) in cash and cash equivalents	**(970,306)**	(1,362,808)
Cash and cash equivalents at beginning of year	**1,091,383**	2,454,191
Cash and cash equivalents at the end of year	**121,077**	1,091,383
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**121,077**	1,091,383
	121,077	1,091,383

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	**1,091,383**	**(970,306)**	**121,077**
Debt due within 1 year	**(8,581)**	**(744,475)**	**(753,056)**
	1,082,802	**(1,714,781)**	**(631,979)**

The notes on pages 19 to 39 form part of these financial statements.

1. General information

Maistro Limited is a private company, limited by shares, incorporated in England, United Kingdom. The address of the registered office is 1a, Grow On Building 3 Babbage Way, Clyst Honiton, Exeter, England, EX5 2FN. The principal activity of the Company is to control the subsidiaries and other entities in the Group.

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.

Information on the impact of first-time adoption of FRS 102 is given in note 25.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income statement in these financial statements.

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated income statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2018.

2. Accounting policies (continued)

2.3 Going concern

The Group's financial statements have been prepared on a going concern basis, which assumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of business.

The year ended 31 December 2019 was one of significant change for the Group, and the Group recorded a loss from operations in the year of £4.1m (2018: £3.06m) and as at 31 December 2019 had cash of £120k (2018: £1.1m).

Through a new strategy, the Directors took the decision to downsize the activities of the Group and de-list from the AIM market. The Directors changed the composition of the board, appointed a new highly experienced Senior Management Team, repositioned the business and substantially invested in its technology platform.

To fund the restructuring of the business the Group raised a total of £2.6m in March and September 2020. A significant amount of this raise was to attract a new highly experienced management team and to invest in further development of the Maistro platform and to finance the growth of the business.

The Directors have prepared forecasts for the period up to 31 December 2023. These show that the Group will get to cashflow breakeven in Q2 2022. As such, the directors anticipate further funding support will be required in order for the Group to continue as a going concern and are actively pursuing additional investment both from within the current shareholder base and from external sources. To date, the Group has enjoyed the support of its major shareholders and the directors are not aware of any matters which would indicate that this will support will not continue.

Based on the above, the Directors are confident that the Group and Company have adequate resources to continue to operate for at least twelve months from the date of approval of these financial statements and have, therefore, continued to adopt the going concern basis in preparing the Directors' Report and Financial Statements. However, whilst the Directors are confident of continuing to raise additional funds to finance the business in accordance with the Group's Strategic Plan, they nevertheless recognise that a material uncertainty exists which might impact the Group and Company's ability to continue as a going concern.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The functional currency of the Group is GBP with the exception of Maistro Inc, which has the functional currency USD.

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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group 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 Group 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.

2.6 Operating leases: the Group as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2. Accounting policies (continued)

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Interest income

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

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.11 Pensions

DEFINED CONTRIBUTION PENSION PLAN

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group 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 Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2. Accounting policies (continued)

2.12 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.13 Taxation

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 reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting date.

R&D credits are recognised within the tax charge/credit in the Financial Statements when amounts due can be reliably estimated and there is sufficient certainty of receipt.

2. Accounting policies (continued)

2.14 Intangible fixed assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.15 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:

Fixtures and fittings	-	33% per annum, straight line
Office equipment	-	33% per annum, straight line
Computer equipment	-	33% per annum, straight line

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.

2.16 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. Accounting policies (continued)

2.18 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.

2.19 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.20 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.

2.21 Convertible debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components and presented separately in the Statement of financial position.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing the Financial Statements, the Directors make certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year within the Group are discussed below.

Going Concern
As set out in note 2.3, the Directors have prepared a cashflow forecast covering a period extending beyond 12 months from the date of approval of these Financial Statements. These forecasts show that in order for the Group to meet its debts as they fall due over the course of the next 12 months, further fundraising is needed. Breakeven cashflow is achieved in Q2 2022.

The forecast contains assumptions including significant growth in future revenues, both in project revenues and premium services; the cost model and margins. The Directors recognise that the forecasts contain assumptions that are inherently uncertain, and should the assumed growth and margin improvement not be achieved, further funding will be required beyond 2022 which is not in control of the Group.

Revenue Recognition
Revenue is recognised on a gross basis, as our evaluation and assessment of the indicators under FRS102 supports the fact that Maistro is acting as principal. The factors that are considered and prove decisive in the conclusion of the assessment include the following:

- Maistro has the latitude to agree the fee for each project;
- Maistro has primary responsibility for providing the services to a customer;
- Maistro is responsible for the quality of the service delivery, delivered on time, budget and to a sufficiently high standard This includes the management of the service delivery of the supplier; and
- Maistro facilitates both commercial terms and the project management for each project.

Although Maistro passes on some of the credit risk to the supplier it engages to delivery the services to its customers, Maistro does not consider this is sufficiently persuasive in light of the other factors noted above to suggest that accounting for the transaction as principal is not appropriate.

Maistro recognises revenue as control is passed to the customer, either over time or at a point in time.

Intangible Assets
Intangible assets include the capitalised development costs of the PaaS Platform. These costs are assessed based on management's view of the technology team's time spent on projects that enhance the PaaS Platform, supported by internal time recording and considering the requirements of FRS 102. The development cost of the PaaS Platform is amortised over the useful life of the asset. The useful life is based on the management's estimate of the period that the asset will generate revenue, which is reviewed on a project by project basis for continued appropriateness and is one of the key assumptions involved in determining the value of these assets. The carrying value is tested for impairment when there is an indication that the value of the assets might be impaired. The impairment tests also require assumptions about future events which require management judgement. Changes in those assumptions could result in a materially different amortisation charge, or an impairment, in future years depending on the circumstances prevailing at that time.

Share-based Payments
The fair value of share options is calculated using the Black-Scholes valuation model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

3. Judgments in applying accounting policies (continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year within the Company are discussed below.

Carrying value of investments and recoverability of intercompany balances
Fixed asset investments include the value of investments in subsidiary companies. The carrying value of these investments, along with the intercompany balances, is tested for impairment when there is an indication that the value of the assets might be impaired. The impairment tests also require assumptions about future events which require management judgement. Changes in those assumptions could result in a materially different impairment, in future years depending on the circumstances prevailing at that time.

4. Turnover

The whole of the turnover is attributable to the provision of services..

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	**156,600**	1,350,488
Rest of the world	**179,277**	151,072
	335,877	1,501,560

5. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
Exchange differences	**12,739**	37
Other operating lease rentals	**30,096**	7,025
Share based payment	**185,106**	183,882

6. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**14,250**	45,000

Fees payable to the Group's auditor and its associates in respect of:

	2019 £	2018 £
All other services	**3,250**	14,000
	3,250	14,000

7. Employees

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

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

	2019 No.	2018 No.
Directors	**6**	5
Administration	**4**	5
Customer Services	**4**	4
Marketing	**1**	2
Sales	**1**	1
Technology	**2**	4
	18	21

The Company has no employees other than the directors, who did not receive any remuneration *(2018: £NIL)*

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	**443,080**	598,926
Company contributions to defined contribution pension schemes	**1,913**	1,039
	444,993	599,965

During the year retirement benefits were accruing to 3 directors (2018: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £194,796 (2018: £250,049).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,146 (2018: £703).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £1,146 (2018: £703).

9. Interest receivable

	2019 £	2018 £
Other interest receivable	**2,574**	8,168
	2,574	8,168

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	**60,845**	96
	60,845	96

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	**(2,259)**	(158,813)
	(2,259)	(158,813)
Total current tax	**(2,259)**	(158,813)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	**(4,133,597)**	(3,064,008)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	**(785,383)**	(582,162)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**65,355**	35,243
Capital allowances for year in excess of depreciation	**(9,271)**	3,204
Losses carried forward	**727,040**	544,246
Higher rate taxes on overseas earnings	**-**	56
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	**-**	(159,400)
Total tax charge for the year	**(2,259)**	(158,813)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Intangible assets

Group and Company

	Development expenditure £	Computer software £	Total £
Cost			
At 1 January 2019	4,573,739	209,815	4,783,554
Additions	366,281	-	366,281
At 31 December 2019	4,940,020	209,815	5,149,835
Amortisation			
At 1 January 2019	3,353,409	207,696	3,561,105
Charge for the year on owned assets	1,302,082	1,123	1,303,205
Impairment charge	284,529	-	284,529
At 31 December 2019	4,940,020	208,819	5,148,839
Net book value			
At 31 December 2019	-	996	996
At 31 December 2018	1,220,330	2,119	1,222,449

All of the Group's intangible fixed assets are held in the Subsidiary Company

13. Tangible fixed assets

Group

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2019	8,195	22,708	22,291	53,194
Additions	196,405	349	2,293	199,047
Disposals	-	-	(2,689)	(2,689)
At 31 December 2019	204,600	23,057	21,895	249,552
Depreciation				
At 1 January 2019	8,195	7,944	13,055	29,194
Charge for the year on owned assets	54,557	7,676	3,729	65,962
Disposals	-	-	(1,085)	(1,085)
At 31 December 2019	62,752	15,620	15,699	94,071
Net book value				
At 31 December 2019	141,848	7,437	6,196	155,481
At 31 December 2018	-	14,765	9,235	24,000

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	**2,900,995**
Additions	**2,495,776**
At 31 December 2019	**5,396,771**
Impairment	
Charge for the period	**5,346,771**
At 31 December 2019	**5,346,771**
Net book value	
At 31 December 2019	**50,000**
At 31 December 2018	2,900,995

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Maistro UK Limited	Ordinary	100%
Maistro Inc	Ordinary	100%

The registered office of Maistro UK Limited is 1a, Grow On Building 3 Babbage Way, Clyst Honiton, Exeter, England, EX5 2FN. The principal activity of the company is the ownership and operation of online, proprietary marketplaces, which enable business to buy, sell, and pay for business services, including marketing, design, advertising and technology services.

The registered office of Maistro Inc is 1201 Orange St, STE 600, One Commerce Center, Wilminton, DE 19801 USA. The principal activity of Maistro Inc is the provision of marketing services.

14. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Maistro UK Limited	**(14,634,718)**	**(3,915,345)**
Maistro Inc	**631,531**	**3,166**

15. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	**9,827**	469,081	**-**	-
Other debtors	**22,155**	76,280	**-**	-
Prepayments and accrued income	**18,942**	118,084	**-**	46,285
Tax recoverable	**342**	159,455	**342**	195
	51,266	822,900	**342**	46,480

16. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	**121,077**	1,091,383	**59,948**	1,042,727
	121,077	1,091,383	**59,948**	1,042,727

17. Creditors: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Other loans	**750,000**	-	**750,000**	-
Trade creditors	**89,585**	404,774	**40,597**	114,893
Other taxation and social security	**53,827**	84,968	-	-
Other creditors	**166,505**	110,342	-	-
Accruals and deferred income	**284,553**	515,356	**17,826**	28,698
	1,344,470	1,115,440	**808,423**	143,591

18. Loans

Other loans include directors and shareholders loan accounts. Interest is charged at 10% per annum.

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Amounts falling due within one year				
Other loans	**750,000**	-	**750,000**	-
	750,000	-	**750,000**	-

19. Share capital

	2019 £	2018 £
ALLOTTED, CALLED UP AND FULLY PAID		
401,105,816 (2018: 307,105,800) Ordinary shares of £0.01 each	**4,011,058**	3,071,058

During the year Maistro Limited issued 94,000,000 £0.01 with an aggregate nominal value of 940,000. Costs of share issue totalled £54,710.

20. Reserves

Share premium account

The share premium account represents the amount of capital contributed in excess of the nominal value of each Ordinary share.

Warrant reserve

Reserve for warrants granted and not yet exercisable. The value represents the fair value at the date of transaction

Foreign exchange reserve

The foreign exchange reserve represents translations to the financial statements from the functional currency.

Merger Reserve

The merger reserve represents the amount subscribed for share capital in excess of nominal value when shares are issued in exchange for at least a 90% interest in the shares of another company.

Profit and loss account

The profit and loss account represents all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Share based payment reserve

The share based payment reserve represents payments on options granted during the period not yet exercised.

21. Share based payments

At 31 December 2019, 18,869,431 (2018: 10,729,488) options were in existence, 18,869,431 (2018: 10,573,188) under EMI scheme and Nil (2018: 156,300) under an unapproved scheme. The contractual life of the options is ten years and there is no cash settlement of the options. The options vest provided the employees remain in service of Maistro UK Limited for a period of between 2 and 4 years from the grant date. Share based payments resulted in a charge of £57,000 (2018: £181,000).

Further details are noted below:

	Weighted average exercise price (pence) 2019	**Number 2019**	Weighted average exercise price (pence) 2018	Number 2018
Outstanding at the beginning of the year	**3.9 - 4**	**10,729,488**	3.9- 793	9,592,960
Granted during the year	**1.3**	**16,025,375**	3.7 - 4	1,886,928
Forfeited during the year	**1.3 - 4**	**(7,885,432)**	4.3-793	(750,400)
Outstanding at the end of the year		**18,869,431**		10,729,488

	2019	2018
Option pricing model used	**Black Scholes**	Black Scholes
Weighted average share price (pence)	**1 - 4**	3.65 - 4
Exercise price (pence)	**1 - 4**	3.65 - 4
Weighted average contractual life (days)	**3 years**	3 years
Expected volatility	**125.5% to 129.1%**	54.4% to 64.6%
Risk-free interest rate	**1.49%**	1.49%

22. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independantly administered fund. The pension contributions payable by the Group to the fund amounted to £10,925 (2018: £8,994). Included in creditors is £3,056 (2018: £8,581) owing to these schemes in respect of employer contributions payable.

23. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Not later than 1 year	**64,227**	34,797
Later than 1 year and not later than 5 years	**160,571**	-
Later than 5 years	**159,196**	-
	383,994	34,797

24. Controlling party

There is no controlling party

25. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.