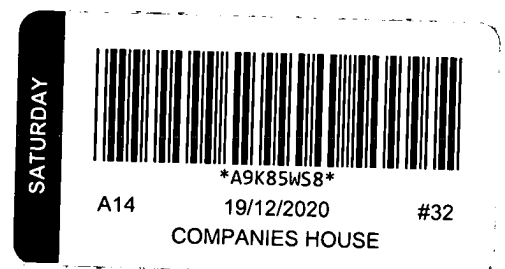


Registered number: 09079980

REDRESS SOLUTIONS PLC

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020



LUBBOCK FINE LLP
Chartered Accountants
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB

REDRESS SOLUTIONS PLC

CONTENTS

	Page
Company Information	1
Strategic Report	2 - 3
Directors' Report	4 - 5
Independent Auditors' Report	6 - 8
Statement of Income and Retained Earnings	9
Balance Sheet	10
Statement of Cash Flows	11
Analysis of Net Debt	12
Notes to the Financial Statements	13 - 24

REDRESS SOLUTIONS PLC

COMPANY INFORMATION

DIRECTORS

M I Nasta
M A Zuckerman

COMPANY SECRETARY

M A Zuckerman

REGISTERED NUMBER

09079980

REGISTERED OFFICE

62 Grosvenor Street
London
W1K 3JF

INDEPENDENT AUDITORS

Lubbock Fine LLP
Chartered Accountants & Statutory Auditors
Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

REDRESS SOLUTIONS PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2020

INTRODUCTION

These are the audited accounts of Redress Solutions PLC ("the Company") for the year ended 30 June 2020. The business of the company is specialist litigation funding.

BUSINESS REVIEW

During the year, the Company has entered into funding agreements for commercial actions, particulars of which are subject to the rights of confidentiality of the funded parties. Following changes in funding arrangements in the year, working capital is now secure and management are engaging with alternative sources of finance going forward.

On 11 March 2020 the World Health Organisation declared the novel strain of coronavirus (COVID-19) a global pandemic, and recommended containment and mitigation measures worldwide. The impact of the pandemic on the Company during the year has been largely beneficial, with increased introductions and meetings taking place more efficiently with remote working.

FUTURE DEVELOPMENTS

It is the intention of the Company to make further investments in the funding of high quality commercial litigation and arbitration.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk of investment in litigation is risk of the claim failing before courts and arbitral tribunals. The Company minimises risk by carrying out a careful review of cases before offering funding terms.

A further risk to the Company is ensuring sufficient working capital is maintained to fund investments into legal cases. The Company mitigated this risk during the year through financing agreements with its shareholders, and has since been engaging with alternative sources of finance.

FINANCIAL KEY PERFORMANCE INDICATORS

The directors consider realised gains on funded cases to be the main key financial performance indicator.

The board of the Company monitors closely expenditure on overheads and is satisfied that these are kept to a reasonable level.

	2020	2019
Income from settled cases	£nil	£1,132,232
Administrative expenses	£637,509	£645,301

OTHER KEY PERFORMANCE INDICATORS

The main non-financial key performance indicators of the Company are the number of cases being funded and the number of cases which have been successfully completed.

	2020	2019
Number of cases funded at year-end	2	2
Number of cases successfully completed in year	0	1

REDRESS SOLUTIONS PLC

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

FINANCIAL RISK MANAGEMENT

The Company's financial instruments comprise borrowings, cash and liquid resources, and various items such as investments in cases in progress and trade creditors that arise directly from its operations. The main risks arising from the Company's financial instruments are cash flow risk and liquidity risk. The Company has no formal procedures for managing these risks, though the Company continually reviews these risks and takes action as deemed necessary.

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

Michael Zuckerman

M A Zuckerman
Director

Date: 17 December 2020

REDRESS SOLUTIONS PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 Company will continue in business.

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

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £626,952 (2019 - profit £385,822).

The directors do not recommend the payment of a final dividend.

DIRECTORS

The directors who served during the year were:

S J Wiseman (resigned 7 August 2019)

M I Nasta

M A Zuckerman

MATTERS COVERED IN THE STRATEGIC REPORT

In accordance with Section 414C(11) of the Companies Act 2006 the Company has chosen to include information in relation to future developments and financial risk management in the Company's strategic report.

REDRESS SOLUTIONS PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

POST BALANCE SHEET EVENTS

Details of events impacting the company since the balance sheet date have been disclosed in note 20 to these financial statements.

AUDITORS

Under section 487(2) of the Companies Act 2006, Lubbock Fine LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

Michael Zuckerman

M A Zuckerman
Director

Date: 17 December 2020

REDRESS SOLUTIONS PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REDRESS SOLUTIONS PLC

OPINION

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

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

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

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

REDRESS SOLUTIONS PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REDRESS SOLUTIONS PLC (CONTINUED)

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 4, 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.

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.

REDRESS SOLUTIONS PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REDRESS SOLUTIONS PLC (CONTINUED)

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.

Lubbock Fine LLP

Sam Snelson (Senior Statutory Auditor)

for and on behalf of

Lubbock Fine LLP

Chartered Accountants & Statutory Auditors

Paternoster House

65 St Paul's Churchyard

London

EC4M 8AB

Date: 17 December 2020

REDRESS SOLUTIONS PLC

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 £	2019 £
Turnover	4	-	1,132,232
Cost of sales		-	(101,402)
GROSS PROFIT		-	1,030,830
Administrative expenses		(637,509)	(645,301)
Other operating income		10,557	-
OPERATING (LOSS)/PROFIT	5	(626,952)	385,529
Tax on (loss)/profit	8	-	293
(LOSS)/PROFIT AFTER TAX		(626,952)	385,822
Retained earnings at the beginning of the year		(808,047)	(1,193,869)
(Loss)/profit for the year		(626,952)	385,822
RETAINED EARNINGS AT THE END OF THE YEAR		(1,434,999)	(808,047)

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

The notes on pages 13 to 24 form part of these financial statements.

BALANCE SHEET

AS AT 30 JUNE 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	9	8,772	9,448
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	7,656	12,505
Current asset investments	11	3,012,103	1,994,645
Cash at bank and in hand	12	63,953	641,184
		<u>3,083,712</u>	<u>2,648,334</u>
Creditors: amounts falling due within one year	13	<u>(4,428,266)</u>	<u>(3,415,829)</u>
NET CURRENT LIABILITIES		(1,344,554)	(767,495)
Creditors: amounts falling due after more than one year		(49,217)	-
NET LIABILITIES		<u>(1,384,999)</u>	<u>(758,047)</u>
CAPITAL AND RESERVES			
Called up share capital	18	50,000	50,000
Profit and loss account	17	<u>(1,434,999)</u>	<u>(808,047)</u>
		<u>(1,384,999)</u>	<u>(758,047)</u>

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

Michael Zuckerman

M A Zuckerman
Director

Date: 17 December 2020

The notes on pages 13 to 24 form part of these financial statements.

REDRESS SOLUTIONS PLC**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 30 JUNE 2020**

	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit for the financial year	(626,952)	385,822
ADJUSTMENTS FOR:		
Depreciation of tangible assets	4,438	7,010
Taxation charge	-	(293)
Decrease in debtors	4,849	576
Increase in creditors	875,654	712,564
(Profit)/loss on legal cases	-	(1,030,830)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>257,989</u>	<u>74,849</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(3,762)	(1,110)
Investment in legal cases	(831,458)	(1,510,483)
Gross income from settlement of legal cases	-	1,554,857
NET CASH FROM INVESTING ACTIVITIES	<u>(835,220)</u>	<u>43,264</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(577,231)</u>	<u>118,113</u>
Cash and cash equivalents at beginning of year	641,184	523,071
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>63,953</u>	<u>641,184</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	63,953	641,184
	<u>63,953</u>	<u>641,184</u>

The notes on pages 13 to 24 form part of these financial statements.

REDRESS SOLUTIONS PLC**ANALYSIS OF NET DEBT.
FOR THE YEAR ENDED 30 JUNE 2020**

	At 1 July 2019 £	Cash flows £	At 30 June 2020 £
Cash at bank and in hand	641,184	(577,231)	63,953
Debt due after 1 year	-	(49,217)	(49,217)
Debt due within 1 year	(3,287,490)	(750,783)	(4,038,273)
	<u>(2,646,306)</u>	<u>(1,377,231)</u>	<u>(4,023,537)</u>

The notes on pages 13 to 24 form part of these financial statements.

REDRESS SOLUTIONS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1. GENERAL INFORMATION

Redress Solutions Plc is a public company limited by shares and incorporated in England and Wales. The company's registered address is 62 Grosvenor Street, London W1K 3JF.

The figures in these financial statements are presented in GBP and have been rounded to the nearest £.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The directors believe that it is appropriate to prepare the financial statements on a going concern basis which assumes that the Company will continue in operational existence on the basis of cash held following the sale of one of its investments as detailed in note 20.

On 11 March 2020 the World Health Organisation declared the novel strain of coronavirus (COVID-19) a global pandemic, and recommended containment and mitigation measures worldwide. The directors have made an initial assessment of the impact of the COVID-19 pandemic on the Company and believe that the Company will continue to trade without any impact on the Company's going concern position.

Should the going concern basis prove to be inappropriate then adjustments may be required to reduce the carrying value of assets to their recoverable amounts, to provide for any additional liabilities that arise, and to reclassify fixed assets and long term liabilities respectively.

2.3 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

REDRESS SOLUTIONS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

2. ACCOUNTING POLICIES (continued)

2.3 TANGIBLE FIXED ASSETS (continued)

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.

The estimated useful lives range as follows:

Office equipment	- 5 years
------------------	-----------

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.

2.4 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.

2.5 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty of notice of not more than 3 months. Cash equivalents are highly liquid investments that mature no more than three months from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

In the 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 Company's cash management.

2.6 FINANCIAL INSTRUMENTS

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties. It also makes investments into legal cases which are classified as other financial instruments.

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

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

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

REDRESS SOLUTIONS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

2. ACCOUNTING POLICIES (continued)

2.7 INVESTMENTS IN CASES IN PROGRESS

Investments in cases in progress represent amounts advanced in respect of funded litigation cases. These are categorised as fair value through profit or loss, and are initially measured as the cash sum invested. Attributable due diligence and closing costs are expensed when incurred. Fair value is determined based on the directors' expectation, at the balance sheet date, of the likely outcome of each case and their best estimate of the return on each investment. Where a reliable measure of fair value is not available, the asset is held at cost less any impairments. The cost is the amount invested or the carrying amount at the last date the fair value of the asset was reliably measurable.

Movements in fair value are included within revenue or cost of sales in the Statement of Income and Retained Earnings.

Where the carrying value of the investment exceeds the return to the Company the deficit against the carrying value is recognised as an impairment charge.

Upon the favourable settlement of a case the difference between the return to the company and the carrying value of the relevant investment is recognised within revenue in the Statement of Income and Retained Earnings, unless the carrying value of the investment exceeds the return to the company. Where there is an unfavourable conclusion of a case the amount by which the historic cost of the investment exceeds the return to the Company is recognised as an impairment charge in cost of sales.

2.8 INVESTMENTS IN SETTLED CASES

Investments in settled cases represent funded cases which have successfully concluded, have fixed and determinable amounts to be received and receipt of those amounts in due course is anticipated by the Company, however, the judgment or settlement amount has yet to be received by the funded party and the relevant amount paid to the Company.

Investments in settled cases are measured at amortised cost using the effective interest method, less any impairment.

2.9 REVENUE

Revenue represents the gain on investments during the year, through an increase in the investments fair value or an amount realised on settlement, to the extent that these exceed the carrying value of the relevant investment.

Where a loss is made on settlement, through the amount realised on settlement being lower than the amount invested, this is recognised within cost of sales.

2.10 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.

REDRESS SOLUTIONS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

2. ACCOUNTING POLICIES (continued)

2.11 TAXATION

The taxation expense comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Income and Retained Earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in the other comprehensive income or equity respectively.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the prior period.

Deferred tax

Deferred tax arises from timing differences between taxable profits and profit on ordinary activities as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exemptions. Unrelieved tax losses and other deferred tax assets are only recognised when 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 rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing differences.

2.12 PENSIONS

Defined contribution pension plan

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

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

REDRESS SOLUTIONS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The most significant estimates relate to the valuation of investments in cases in progress at fair value through profit or loss:

Investments in cases in progress

Fair values of the investments made are determined based on the specifics of each investment. The value will change should it be determined that the case is progressing in such a way that the company would expect to receive a different amount from that invested. Fair value is determined based on the directors' expectation, at the balance sheet date, of the likely outcome of each case and their best estimate of the return on each investment.

At the balance sheet date, due to the difficulty in assessing the probabilities of the various estimates involved in assessing the fair value, and the wide range of possible outcome for cases invested into, the investments in cases in progress were held at cost, as it was not deemed possible to determine a reasonable fair value for these.

4. REVENUE

	2020 £	2019 £
Income from investments in settled cases	-	1,132,232

5. OPERATING (LOSS)/PROFIT

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

	2020 £	2019 £
Depreciation of tangible fixed assets	4,438	7,010
Fees payable to the company's auditor for the audit of the company's annual accounts	6,000	6,000
Fees payable to the company's auditor for taxation compliance services	1,200	1,200
Defined contribution pension cost	1,050	1,209

REDRESS SOLUTIONS PLC**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2020****6. EMPLOYEES**

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

	2020	2019
	£	£
Wages and salaries	292,115	284,290
Social security costs	34,101	35,543
Cost of defined contribution scheme	1,050	1,209
	<u>327,266</u>	<u>321,042</u>

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

	2020	2019
	No.	No.
Directors	2	2
Administrative staff	1	1
	<u>3</u>	<u>3</u>

7. DIRECTORS' REMUNERATION

	2020	2019
	£	£
Directors' emoluments	<u>270,828</u>	<u>256,290</u>

The highest paid director received remuneration of £138,000 (2019 - £133,000).

8. TAXATION

	2020	2019
	£	£
CORPORATION TAX		
Adjustment to tax charge in respect of prior periods	-	(293)
TOTAL CURRENT TAX	<u>-</u>	<u>(293)</u>

REDRESS SOLUTIONS PLC**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2020**

8. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

	2020 £	2019 £
Profit on ordinary activities before tax	(626,952)	385,526
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(119,121)	73,250
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,030	3,819
Capital allowances for year in excess of depreciation	128	(211)
Adjustments to tax charge in respect of prior periods	-	(293)
Tax losses carried forward	117,963	(76,858)
TOTAL TAX CHARGE FOR THE YEAR	-	(293)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A deferred tax asset of £269,000 (2019 - £164,000) has not been recognised in the accounts as it is uncertain whether the Company will make sufficient future taxable profits to utilise this asset. The asset arises due to losses generated by the Company, which may be offset against future taxable profits.

REDRESS SOLUTIONS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

9. TANGIBLE FIXED ASSETS

	Office equipment £
COST	
At 1 July 2019	35,050
Additions	3,762
At 30 June 2020	<u>38,812</u>
DEPRECIATION	
At 1 July 2019	25,602
Charge for the year	4,438
At 30 June 2020	<u>30,040</u>
NET BOOK VALUE	
At 30 June 2020	<u>8,772</u>
At 30 June 2019	<u>9,449</u>

10. DEBTORS

	2020 £	2019 £
Other debtors	-	351
Prepayments and accrued income	7,656	12,154
	<u>7,656</u>	<u>12,505</u>

11. CURRENT ASSET INVESTMENTS

	Unlisted investments £
COST OR VALUATION	
At 1 July 2019	1,994,645
Additions	1,017,458
At 30 June 2020	<u>3,012,103</u>

REDRESS SOLUTIONS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

12. CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash at bank and in hand	63,953	641,184

13. CREDITORS: Amounts falling due within one year

	2020 £	2019 £
Bank loans	783	-
Trade creditors	332,466	92,001
Taxation and social security	47,065	11,857
Other creditors	4,037,490	3,287,490
Accruals and deferred income	10,462	24,481
	<u>4,428,266</u>	<u>3,415,829</u>

14. CREDITORS: Amounts falling due after more than one year

	2020 £	2019 £
Bank loans	49,217	-

15. LOANS

Analysis of the maturity of loans is given below:

	2020 £	2019 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	783	-
AMOUNTS FALLING DUE 1-2 YEARS		
Bank loans	9,527	-
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	30,050	-
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS		
Bank loans	9,640	-
	<u>50,000</u>	<u>-</u>

REDRESS SOLUTIONS PLC**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2020**

16. FINANCIAL INSTRUMENTS

	2020 £	2019 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	3,012,103	1,994,645
Financial assets that are debt instruments measured at amortised cost	-	352
Cash	63,953	641,184
	<u> </u>	<u> </u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(4,430,416)	(3,403,970)
	<u> </u>	<u> </u>

Financial assets measured at fair value through profit or loss comprise investments in cases in progress. At the balance sheet date the directors consider that the fair value of these cases cannot be reliably measured. There are a wide range of possible outcomes for cases invested into and the probabilities of these outcomes cannot be reasonably assessed. Therefore these investments have been held at the value of the amounts invested to the cases.

17. RESERVES**Profit and loss account**

Includes all current and prior period retained profits and losses, less dividends paid.

REDRESS SOLUTIONS PLC**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2020**

18. SHARE CAPITAL

	2020 £	2019 £
Allotted, called up and fully paid		
50,000 (2019 - 50,000) Ordinary shares of £1.00 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

19. RELATED PARTY TRANSACTIONS

During the year the company entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and balances outstanding at 30 June, are as follows:

	2020 £	2019 £
Expenses charged by entities with control, joint control or significant influence over the entity	12,000	12,000
Loans due from entities or persons with control, joint control or significant influence over the entity	4,037,490	3,287,490
	<u>4,037,490</u>	<u>3,287,490</u>

Terms and conditions of transactions with related parties

Outstanding balances with entities and other related parties are unsecured, interest free and repayable on demand.

Key management personnel compensation

Key management personnel includes those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including directors. Total amounts paid to key management personnel during the year was £270,828 (2019 - £256,290).