REGISTERED NUMBER: 09704342 (England and Wales)

RG Engagement Group Limited

Annual Report and Consolidated Financial Statements

For the Year Ended 30 June 2020

RG Engagement Group Limited

Contents of the Annual Report and Consolidated Financial Statements
For the Year Ended 30 June 2020

RG Engagement Group Limited

Company Information
For the Year Ended 30 June 2020

Directors:	R A Boland C Busby D A Butler D Loucks E Morii M Vettel
Registered office:	265 Tottenham Court Road London England W1T 7RQ
Registered number:	09704342 (England and Wales)
Independent auditor:	Deloitte LLP Statutory Auditor Saltire Court 20 Castle Terrace Edinburgh EH1 2DB

RG Engagement Group Limited

Strategic Report
For the Year Ended 30 June 2020

The Directors present their Strategic Report for RG Engagement Group Limited ('the Group') for the year ended 30 June 2020.

PRINCIPAL ACTIVITIES
The principal activity of the Group in the year under review was the provision of employee engagement technology through its software platform SmartHub. The Group operates in three key markets, the UK, USA and Australia, trading under the name Reward Gateway.

Reward Gateway is a leading global player in the employee engagement technology sector. The Group develops software platforms for a worldwide client base to allow them to better connect their organisations to their employees.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Software as a Service ("SaaS") and fee revenue and related cost of sales has been shown separately from the resale of vouchers in the Statement of Comprehensive Income to assist in understanding its constituent parts. Total revenue for the year grew by 23% to £259,934,274 (2019: £210,685,394). SaaS and fee revenue grew by 12% to £36,808,188 (2019: £32,940,604) and voucher resale revenue grew by 26% to £223,126,086 (2019: £177,744,790) due to increased headcount using the platform and targeted marketing and promotions.

The Group achieved gross profit of £38,994,771 (2019: £35,308,386) and a loss for the financial year after taxation of £11,554,663 (2019 restated: £16,885,107). The loss after taxation for the year is mainly attributable to the amortisation of intangible assets acquired, share-based payment expense for the employee share scheme, along with interest payable on the Group's credit facility and Shareholder debt.

Adjusted operating profit was £14,780,798 (2019 restated: £11,209,917) growing at 32% from the prior period. Adjusted operating profit excludes exceptional items, share-based payment charges, amortisation and depreciation.

Covid-19 has not had a material impact to the Group. Revenue from the Group's UK Cycle to Work has benefited from Covid-19 with the demand from consumers to purchase bikes during the pandemic. On the Retail voucher part of the Group there has been a lower level of voucher sales in some sectors such as leisure and travel, with other sectors, such as supermarkets, benefiting. The Group's clients are looking for ways to motivate their employees during the pandemic and the Group's engagement and benefits solutions enable them to do this. Consequently, the Group has continued to win new clients during the pandemic.

Net churn was 6.0% in the period compared to 6.3% in the year ended 30 June 2019. The Directors believe that the bulk of clients at risk of non-renewal have been retained. Furthermore, the Group is well positioned to maintain the growth in the UK and Australia and to greatly improve its market share in the USA in the coming years whilst maintaining a high adjusted operating profit margin.

The Group continued to invest in personnel and to help it achieve its aim of significant market growth. In the period, the Group's operating territories grew their market share with Reward Gateway (UK) Ltd winning £3,241,000 of annual SaaS revenue from new clients, Reward Gateway Pty Limited winning £1,312,000 and Reward Gateway Inc winning £373,000.

KEY PERFORMANCE INDICATORS
- SaaS and fee revenue £36.8m (2019: £32.9m)
- Voucher resale gross profit £2.4m (2019: £2.6m)
- Adjusted operating profit £14.8m (2019 restated: £11.2m)
- Customer churn 6.0% (2019: 6.3%)
- Cash held at year end £25.3m (2019: £11.5m)

SECTION 172(1) STATEMENT

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Group and Company for the benefit of members as a whole. The Board considers that the Group's key stakeholders are its shareholders, employees, customers, suppliers, key partners and the environment. The Directors have fulfilled their obligations in conjunction with the Group's "Leadership team" giving regard (amongst other matters) to:

a) The likely consequences of any decision in the long term
b) The interests of the company's employees
c) The need to foster the company's business relationships with suppliers, customers and others
d) The impact of the company's operations on the community and the environment
e) The desirability of the company maintaining a reputation for high standards of business conduct, and
f) The need to act fairly as between members of the company.

The following paragraphs summarise how the Directors have fulfilled these duties during the year ended 30 June 2020.

Decision making

The Directors and Leadership team have regard to its stakeholders with the decisions that it makes. During the year, Covid-19 led to a review of how the Group could best support its stakeholders through the pandemic. The Group ensured that its clients understood the solutions it has on offer to support them through the pandemic and these have proved invaluable in supporting them with employee engagement, wellbeing and reward. The Group took steps to limit the risk to its employees contracting Covid-19 by closing its offices before regulations came into force requiring it to do so. The Group's IT infrastructure, already in place before the pandemic, meant that every employee could already effectively and securely work remotely. The Group's People team have focused on supporting the mental health of the Group's employees through the pandemic with a wide range of wellbeing initiatives.

Shareholders

The majority shareholders have Board representation and receive regular information on business performance, including monthly financial performance.

Employee engagement, culture and environment

The Directors recognise the critical importance of its employees and culture as the heart of its ability to deliver innovative solutions that ensure client success.

Reward Gateway uses its own communication product to keep employees informed. There is a weekly CEO video update ('Vlog') along with other Leadership team ad hoc Vlogs during the year. Written weekly and ad hoc articles are also used to communicate within Reward Gateway. During the year there were 578 Vlogs and written articles. The Group's values are embedded into employee communications and are well understood by its employees. In addition, Annual and half yearly employee conferences are held which, amongst other things, updates employees on the company financial and sales performance, strategy, product enhancements, People strategy and community initiatives. Anonymous feedback is regularly obtained from its employees on a range of items.

Employees are encouraged to get involved in external community activities by granting employees three additional days leave a year to participate and an additional day is given for participation to allow employees to attend an event or support an occasion which enhances equality or social justice.

The Group also promotes the discussion and understanding of issues that impact its employees and the wider community through employee run forums, articles on its communications platform and discussion on the communication tool "Slack". Diversity and mental health have been two of the areas that have been part of these activities.

Business relationships

The Group's mission is "Let's make the world a better place to work". Ensuring that it delivers innovative solutions to achieve success for its customers requires a high level of engagement and partnership throughout a product's life cycle. This is achieved through working in conjunction with its clients, retail partners and benefit providers. The principal teams involved with this are the Group's Product Development, Engineering, Retail, Business development, Client Success and Implementation teams.

GREENHOUSE GAS ("GHG") EMISSIONS REPORTING

The Company's UK emissions relate to its purchased electricity for its offices. The table below shows the total gross GHG emissions in tonnes of CO2 ("tCO2e") in the year ended 30 June 2020:

	tCO2e
Scope 2 - Emissions from purchased electricity (location-based)	812
Scope 2 - Emissions from purchased electricity (market-based)	84

	tCO2e
UK Gross profit	£28,044,716
Carbon intensity ratio (location-based) (tCO2e/£)	0.00003
Carbon intensity ratio (market-based) (tCO2e/£)	0.000003

The Company uses gross profit to calculate the intensity ratio as this allows emissions to be monitored over time taking into accounts changes in the size of the Group. This factor provides the greatest degree of accuracy and is the metric best aligned to business growth.

PRINCIPAL RISKS AND UNCERTAINTIES

The main financial risks arising from the Group's financial instruments are liquidity risk, credit risk, and currency risk. The Directors review and agree policies for managing each of these risks and they are summarised in the Directors' Report on pages 4 to 8. The other risks to the Group are detailed below:

Industry risk

The Group has a market leading product in the employee engagement sector, but there is always a risk of new entrants into the marketplace undercutting its services. The Group continually looks to improve its product offering and services and believe they are in a good position to withstand new entrants, as well as current competitors.

UK exit from the European Union

The Directors continue to monitor risks to the Group associated with Brexit but do not expect this to have a material impact on the business in the long term.

Covid-19

The Directors continue to monitor risks to the Group associated with Covid-19 but do not expect this to have a material impact on the business in the long term.

Failure to retain key executives, officers, managers, and technical personnel could adversely affect the Group's operating and financial performance

The Group is an industry leader at employee engagement and believes it has more than sufficient measures to motivate and retain key employees through its offering of a wider range of benefits over its competitors.

The Group believes it is well placed with its depth of experienced personnel, which could cover the departure of employees and key management.

RG Engagement Group Limited

Strategic Report - continued
For the Year Ended 30 June 2020

ENVIRONMENTAL MATTERS
As far as the Directors of the Group are aware, the Group's business does not cause an adverse impact on the environment.

Approved by the Board of Directors and signed on its behalf by:

Elli Morii

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E Morii - Director

Date: 27 October 2020

265 Tottenham Court Road
London
England
W1T 7RQ

Directors' Report
For the Year Ended 30 June 2020

The Directors present their Annual Report on the affairs of the Group together with the consolidated financial statements and auditor's report, for the year ended 30 June 2020.

The preparation of the Group's financial statements is in compliance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Group's financial statements consolidate the financial statements of RG Engagement Group Limited and its subsidiaries.

RESULTS AND DIVIDENDS

The results for the year ended 30 June 2020 are set out in the Consolidated Statement of Comprehensive Income.

The Directors do not propose payment of a dividend for the year ended 30 June 2020 (2019: £Nil).

GOING CONCERN

The consolidated financial statements have been prepared on the going concern basis on the assumption that the Group and RG Engagement Group Limited continue in operational existence for the foreseeable future. The Group made a loss of £11,554,663 for the year ended 30 June 2020 (2019 restated: £16,885,107). The Group has not been significantly affected by Covid-19.

The Directors have prepared detailed cash flow forecasts which are based on their current expectations of trading prospects. The forecasts have been prepared for a period of more than one year from signing the financial statements and the Directors are confident that the Group will not be in breach of its covenants and will be able to meet its liabilities as they fall due. The Directors have also carried out sensitivities and "reverse stress test" on its forecasts and are satisfied with the results.. The Group is cash generative and has generated £8,702,479 of cash in the year (excluding debt finance) and holds £25,330,995 of cash at 30 June 2020. Based on its current year results, forecasts and financial position, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

FUTURE DEVELOPMENTS

The Group is well placed to continue to develop according to its business plan enjoying a broad spread of clients across many sectors, with the majority on long-term contracts. The Group will continue to focus on developing its international expansion across the United States and Australia, whilst exploring the viability of launching into new territories.

The Directors are confident that the Group's forecasts are achievable. The board is confident of the Group's outlook for 2021.

DIRECTORS

The Directors, who served during the year and to the date of signing unless otherwise stated, were as follows:

R A Boland
C Busby
D A Butler
D Loucks
E Morii (appointed 1 August 2019)
M Vettel

FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and currency risk.

Liquidity risk

The Group's principal financial assets are bank balances and trade and other receivables. The Group seeks to manage liquidity risk by regular cash and bank covenant forecasting. At 30 June 2020, the Group had access to a £5m revolving credit facility which can be utilised to address short term cash requirements. The Group's funding strategy is to ensure a mix of funding sources offering flexibility and cost effectiveness to match the requirements of the Group.

FINANCIAL RISK MANAGEMENT - continued

Credit risk
The Group's principal financial assets are bank balances and trade and other receivables. The principal credit risk arises from trade debtors. Credit risk is mitigated by adopting a policy of requesting fees prior to the performance of its obligations, where possible.

Currency risk
The Group is exposed to currency risk on purchases and trade receivables that are denominated in a currency other than the respective functional currencies of the Group or its subsidiary.

The bulk of the Group's trading is done in GBP, however sales are also made in AUD and USD. The Group also incurs costs in AUD, USD, Bulgarian Lev and Macedonian Denar. The Group is therefore, subject to a potential foreign exchange risk resulting from movements in the AUD/GBP, USD/GBP, BGN/GBP and MKD/GBP exchange rates. The Group currently benefits from a natural hedge by the weakening of the GBP against all four currencies mentioned and its profitable position in Australia, which offsets net costs in the US, Bulgaria and Macedonia.

The Board reviews and agrees to policies for managing each of the above risks. The policies on treasury and financial risks are summarised in note 25 to the financial statements.

Interest rate risk
The Group's principal bankers offer competitive interest rates with the advantage of quick access to the funds. The Group has a Sterling term bank loan of £60m at a rate of Libor +6% with a minimum clause of Libor being 0.5%. At 30 June 2020, an increase of 1% in LIBOR would increase the loss after tax for the year by £575,100.

RESEARCH AND DEVELOPMENT
The Group continues to invest in creating new products and updating existing products through its employee skills and in-house engineering teams.

QUALIFYING THIRD-PARTY INDEMNITIES
As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

DISABLED EMPLOYEES
Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

HUMAN RESOURCES
The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group.

Employees are appraised from time to time and opportunities for development are discussed and implemented where appropriate. The Group is committed to improving training and assesses the opportunity to do so on an individual basis.

The Group is committed to equality and diversity and does not tolerate discrimination of any kind.

SUBSEQUENT EVENTS
There are no disclosable adjusting or non-adjusting subsequent events.

AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditor Deloitte LLP will be proposed for re-appointment in accordance with the provisions of Section 485 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

Elli Morii

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E Morii - Director

Date: 27 October 2020

265 Tottenham Court Road
London
England
W1T 7RQ

RG Engagement Group Limited

Directors' ResponsibilitiesStatement
For the Year Ended 30 June 2020

The directors are responsible for preparing the Annual 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 group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 the parent company financial statements, the directors are required to:
• select suitable accounting policies and then apply them consistently;
• make judgments and accounting estimates that are reasonable and prudent; and
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

• properly select and apply accounting policies;
• present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
• provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to
• understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
• make an assessment of the company's ability to continue as a going concern.

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

Independent Auditor's Report to the Members of RG Engagement Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of RG Engagement Group Limited:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) including Financial Reporting Standard 102 "The Financial Reporting Standard" applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statements of Financial Position;
- the Consolidated Statements of Changes in Equity;
- the Consolidated Statement of Cash Flows;
- the Group related notes 1 to 31;
- the Company Statement of Financial Position;
- the Company Statement of Changes in Equity; and
- the Company related notes 1 to 10.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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".

Basis for opinion

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

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the ' FRC's ') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in 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 Group'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.

We have nothing to report in respect of these matters.

Other information

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

Other information - continued

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 respect of these matters.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, 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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and 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.

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Independent Auditor's Report to the Members of RG Engagement Group Limited - continued

Use of our report

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

David Mitchell (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom

Date: 28 October 2020

RG Engagement Group Limited

Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2020

	Notes	2020 SaaS and fee revenue £	2020 Voucher resale £	2020 Total £	2019 SaaS and fee revenue £	2019 Voucher resale £	Restated 2019 Total £
Revenue	5	36,808,188	223,126,086	259,934,274	32,940,604	177,744,790	210,685,394
Cost of sales		(252,398)	(220,687,105)	(220,939,503)	(240,406)	(175,136,602)	(175,377,008)
Gross profit		36,555,790	2,438,981	38,994,771	32,700,198	2,608,188	35,308,386
Administrative expenses				(34,942,224)			(35,817,616)
Exceptional items	8			(616,056)			(1,357,525)
Operating profit/(loss)	6			3,436,492			(1,866,755)
Finance costs	9			(14,029,407)			(13,563,868)
Finance income	10			25,188			6,498
Loss before tax				(10,567,728)			(15,563,868)
Income tax	11			(986,935)			(1,460,981)
Loss for the year				(11,554,663)			(16,885,107)
Other comprehensive income							
Currency translation differences				302,427			77,552
Total comprehensive loss attributed to equity holders of the company				(11,234,236)			(16,768,640)
Gross transactional value	2			497,735,809			483,247,988

The above results were derived from continuing operations. Items of other comprehensive income will be reclassified subsequently to profit or loss when specific conditions are met.

As a result of adopting IFRS 16, the Consolidated Statement of Comprehensive Income for year ended 30 June 2019 has been restated. Please see note 2 for details.

RG Engagement Group Limited

Consolidated Statement of Financial Position
As at 30 June 2020

	Notes	2020 £	Restated 2019 £
Non-current assets			
Intangible assets	13	146,257,129	151,180,179
Property, plant and equipment	14	5,233,454	5,601,737
Deferred tax	22	668,622	-
		152,159,205	156,781,916
Current assets			
Inventories	16	1,636,532	4,167,707
Trade and other receivables	17	22,476,347	18,099,754
Cash and cash equivalents		25,330,995	11,521,996
		49,443,874	33,789,457
Total assets		201,603,079	187,595,275
Non-current liabilities			
Shareholder debt	21	120,297,401	111,391,888
Borrowings	21	69,250,760	64,088,309
Deferred tax	22	8,581,513	9,501,284
Lease liabilities		2,987,885	2,967,269
		201,117,559	187,948,750
Current liabilities			
Trade and other payables	19	55,908,055	49,119,615
Current tax liabilities		2,034,352	63,472
Lease liabilities	20	771,677	513,396
Contract liabilities	18	11,573,311	12,578,675
Total liabilities		70,287,395	62,275,158
Total liabilities		271,404,954	250,223,908
Net liabilities		(69,801,875)	(59,652,535)
Equity			
Share capital	23	5,677	4,552
Share premium account	23	278,713	265,075
Share-based payment reserve	23	6,596,570	5,508,437
Foreign exchange reserve	23	916,500	614,073
Accumulated losses	23	(77,599,335)	(66,044,672)
Total equity		(69,801,875)	(59,652,535)

As a result of adopting IFRS 16, the Consolidated Statement of Financial Position at 30 June 2019 has been restated. Please see note 2 for details.

The financial statements of RG Engagement Group Limited (Registered number: 09704342) were approved and authorised for the issue by the Board of Directors on 27 October 2020 and were signed on its behalf by:

E Morii - Director

The notes on pages 17 to 52 form an integral part of these consolidated financial statements.

RG Engagement Group Limited

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2020

	Note	Share capital £	Share premium £	Share-based payments reserve £	Foreign exchange reserve £	Restated Accumulated Losses £	Restated Total £
Balance at 1 July 2018		4,552	265,075	2,931,491	536,521	(48,901,838)	(45,164,199)
Restatement of opening reserves on adoption of IFRS 16	2	-	-	-	-	(257,727)	(257,727)
Restated balance at 30 June 2019 and 1 July 2018		4,552	265,075	2,931,491	536,521	(49,159,565)	(45,421,926)
Restated loss for the year		-	-	-	-	(16,885,107)	(16,885,107)
Currency translation differences		-	-	-	77,552	-	77,552
Total comprehensive loss		-	-		77,552	(16,885,107)	(16,807,555)
Share-based payment	24	-	-	2,576,946	-	-	2,576,946
Restated balance at 30 June 2019 and 1 July 2019		4,552	265,075	5,508,437	614,073	(66,044,672)	(59,652,535)
Loss for the year		-	-	-	-	(11,554,663)	(11,554,663)
Currency translation differences		-	-	-	302,427	-	302,427
Total comprehensive loss		-	-	-	302,427	(11,554,663)	(11,252,236)
Share-based payment	24	-	-	1,088,133	-	-	1,088,133
Issue of shares	23	1,389	13,638	-	-	-	15,027
Purchase of own shares	23	264	-	-	-	-	264
Balance at 30 June 2020		5,677	278,713	6,576,570	916,500	(77,599,335)	(69,801,875)

The notes on pages 17 to 52 form an integral part of these consolidated financial statements.

RG Engagement Group Limited

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2020

	Note	2020 £	Restated 2019 £
Cash flows from operating activities			
Loss before tax		(10,567,728)	(15,563,868)
Adjustments:			
Amortisation	13	7,369,608	7,101,754
Depreciation	14	2,273,515	2,314,385
Finance costs	9	14,029,407	13,290,864
Finance income	10	(25,188)	(6,498)
Share-based payment	24	1,088,133	2,576,945
Profit on disposal of property, plant and equipment		(28,977)	(932)
Changes in:			
Decrease/(increase) in inventory		2,541,241	(1,988,906)
Increase in trade and other receivables		(4,369,704)	(529,334)
Increase in trade and other payables and contract liabilities		4,461,933	8,128,286
Tax paid		(604,448)	(820,394)
Net cash flows from operating activities		16,167,792	14,915,049
Cash flow from investing activities			
Purchase of property, plant and equipment		(931,639)	(1,344,210)
Disposal of property, plant and equipment		26,104	32,352
Purchase of intangible assets		(2,294,022)	(2,052,660)
Acquisition of subsidiaries net of cash acquired		-	(5,626,361)
Finance income		18,299	6,498
Net cash flows from investing activities		(3,181,258)	(8,984,381)
Financing			
Finance cost		(3,670,514)	(5,136,129)
Loan finance raised		5,000,000	-
Principal elements of lease payments		(628,304)	(605,209)
Issue of share capital		14,764	-
Net cash flows from financing activities		715,946	(5,741,339)
Net movement in cash		13,702,479	189,329
Cash and cash equivalents at beginning of year		11,521,996	11,162,648
Effects of exchange rate changes		106,520	170,019
Increase in cash and cash equivalents		13,702,479	189,329
Cash and cash equivalents at end of year		25,330,995	11,521,996

Please see note 2 for details of the restatement of the year ended 30 June 2019.

1. General information

RG Engagement Group Limited ("the Company") is a private company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The consolidated financial statements of the Group for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group provides employee benefit schemes through its internet-based platform Reward Gateway. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 3, in addition, note 26 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit risk and liquidity risk.

These financial statements are presented in pounds sterling (GBP), which is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.

2. Basis of preparation

The financial statements have been prepared in accordance with the accounting policies and presentation required by International Financial Reporting Standards (IFRS), as adopted by the European Union ("IFRS"), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

The accounting policies given in note 3 have been consistently applied throughout the financial year.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future. The Group is dependent for its working capital requirements on cash generated from operations and cash holdings. The cash generated in the year (excluding debt finance) was £8,702,479 and the Group's cash holdings at 30 June 2020 were £25,330,995 (2019: £11,521,996). The Group has not been significantly affected by Covid-19.

The Directors have prepared detailed cash flow projections ("the Projections"), which are based on their current expectations of trading prospects. The forecasts have been prepared for a period of more than one year from signing the financial statements and the Directors are confident that the Group will not be in breach of its covenants and will be able to meet its liabilities as they fall due. The Directors have also carried out sensitivities and "reverse stress test" on its forecasts and are satisfied with the results. Accordingly, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

2. **Basis of preparation - continued**

Adoption of new and revised Standards - continued

Adoption of new and revised Standards

Amendments to IFRS Standards and the new Interpretation that are mandatorily effective for the current year

Impact of application of IFRS 16 *Leases*

In the current year, the Group has applied IFRS 16 Leases which is effective for an annual period that begins on or after 1 January 2019. IFRS 16 superseded the previous lease guidance including IAS 17 Leases and the related Interpretations.

The Group has chosen the full retrospective application of IFRS 16 in accordance with IFRS 16:C5(a). Consequently, the Group has restated the comparative information.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

IFRS 16 has changed how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the Group has:

a) Recognised right-of-use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of the future lease payments;

b) Recognised depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;

c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the Statement of cash flows.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This has replaced the previous requirement to recognise a provision for onerous lease contracts. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

Under IAS 17, all lease payments on operating leases are presented as part of cash flows from operating activities

The amount of adjustment for each financial statement line item affected by the application of IFRS 16 is illustrated below.

Impact on loss for the year

	30 June 2019
	£
Administrative expenses	
Increase in depreciation	661,506
Decrease in rental expense	(869,905)
Finance costs	
Increase in interest expenses on leases	273,004

2. **Basis of preparation - continued**

Adoption of new and revised Standards - continued

Impact of application of IFRS 16 *Leases*

Impact on assets, liabilities and equity as at 1 July 2018	As previously reported	IFRS 16 adjustments	As restated
	£	£	£
Property, plant and equipment	2,920,740	3,377,973	6,298,713
Accruals	(6,552,561)	216,234	(6,336,327)
Lease liabilities	-	(3,851,934)	(3,851,934)
Total effect on net assets		(257,727)	
Retained earnings		(257,727)	
Total effect on equity		(257,727)	

Impact of initial application of other amendments to IFRS Standards and Interpretations

Amendments to 'References to the Conceptual Framework in IFRSs': Together with the revised Conceptual Framework published in March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application being permitted, although this is yet to be endorsed by the EU and will have no effect on the Group's financial statements.

Definition of a Business (Amendments to IFRS 3): The amendments in Definition of a Business clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and substantive process that together significantly contribute to the ability to create outputs. The definitions of a business and outputs are narrowed by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs. The amendments are effective for annual periods beginning on or after 1 January 2020, although this is yet to be endorsed by the EU and will have no effect on the Group's financial statements.

Definition of Material (Amendments to IAS 1 and IAS 8): The amendments in Definition of Material clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards. The amendments are effective for annual periods beginning on or after 1 January 2020, although this is yet to be endorsed by the EU and will have no effect on the Group's financial statements.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) issued in September 2019 and effective for financial years beginning on or after 1 January 2020. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR). This will have no effect on the Group's financial statements.

2. **Basis of preparation - continued**

Adoption of new and revised Standards - continued

On 23 January 2020, the IASB issued 'Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The impact of this standard on the Group's financial statement is still being assessed.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. This will have no effect on the Group's financial statements.

IFRS 10 and IAS 28 (amendments) deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. This will have no effect on the Group's financial statements.

3. Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

RG Engagement Group Limited obtains and exercises control through more than half of the voting rights for all its subsidiaries. All subsidiaries have a reporting date of 30 June and are consolidated from the acquisition date, which is the date from which control passes to RG Engagement Group Limited.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Business combinations are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Revenue
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities has been met.

Revenue from the provision of Software as a service ("SaaS") and fee revenue is recognised equally over the period the services are delivered to the client.

Revenue from the resale of discounted vouchers is recognised in the period which the vouchers have been dispatched to the customer as follows:

- Where the Group purchases vouchers in advance of a customer order revenue is recognised at the purchase price paid by the customer and the cost is recognised in cost of sales for the purchase of the voucher.
- Where the Group has an order from a customer and fulfils the voucher by instantaneously purchasing the voucher from a third-party and transferring it to the customer the profit margin generated on these transactions is recognised within revenue.

Further details on the critical revenue judgements is listed in note 4.

Gross transactional value
Gross transactional value represents the provision of core business revenue generated from customer contracts, the provision of discounted vouchers, cash back transactions and salary sacrifice transactions. The metric is an indication of all activity which has been billed by the Group to its clients and vouchers resold through the Group. Gross transactional value from the sale of goods and vouchers is recognised at the net value when significant risks and rewards of ownership of the goods and vouchers have been passed to the buyer, usually on the dispatch of the goods and vouchers. The Group is considered to be an agent for billings of £237,562,594 (2019: £272,562,594) of the total transaction value of £497,735,809 (2019: £483,247,988). Note 4 further explains the basis for these transactions being recognised on a net basis.

	2020	2019
	£	£
Revenue	259,934,274	210,685,394
Billings and voucher resale for revenue recognised as agency	237,801,535	272,562,594
Gross transactional value	497,735,809	483,247,988

3. **Significant accounting policies - continued**

Interest income
Interest income and expenses, are reported on an accrual basis using the effective interest method.

Foreign currency translation
(a) Functional and presentational currency
The Group's presentation and functional currency is GBP (Sterling).

(b) Transactions and balances
Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise.

(c) Group companies
The assets and liabilities in the financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at the actual rate on the date of transaction. The exchange differences arising from the retranslation of the opening net investment in subsidiaries and on income and expenses during the period are recognised in other comprehensive income and taken to the "translation reserve" in equity. On disposal of a foreign operation the cumulative translation differences (including, if applicable, gains and losses on related hedges) are transferred to the Consolidated Statement of Comprehensive Income as part of the gain or loss on disposal.

Leasing
At inception or on assessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone prices. However, for leases of properties, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease component as a single lease component. The Group's leases relate to properties. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Property leases will often include extension and termination options, open market rent reviews, and uplifts.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the individual lessee company's incremental borrowing rate taking into account the duration of the lease.

The lease liability is subsequently measured at amortised cost using the effective interest method, with the finance cost charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability. It is remeasured when there is a change in future lease payments arising from a change in index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option. The lease liability is recalculated using a revised discount rate if the lease term changes as a result of a modification or re-assessment of an extension or termination option.

The right-of-use is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The right-of-use asset is typically depreciated on a straight-line basis over the lease terms. In addition, the right-of-use asset may be adjusted for certain remeasurements of the lease liability, such as indexation and market rent review uplifts.

The Group has elected not to recognise the right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less Lease payments associated with these leases are expensed on a straight-line basis over the lease term.

3. **Significant accounting policies - continued**

Property, plant and equipment
Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment.

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments over their expected useful lives less estimated residual values, using the straight-line method.

The rates generally applicable are:

Fixtures & Fittings	- 3 years straight line basis
Computer equipment	- 3 years straight line basis
Office equipment	- 3 years straight line basis

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in profit or loss.

The asset's residual value and useful lives are reviewed, and adjusted if required, at each balance sheet date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Goodwill and other intangible assets
An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

(a) Goodwill
Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is tested annually for impairment and is stated at cost less any accumulated impairment losses. Goodwill is allocated to the cash generating units that are expected to benefit from the synergies of the combination and is not amortised but tested annually for impairment. Impairment losses in respect of goodwill cannot be subsequently reversed.

(b) Other intangibles
Intangible assets acquired as part of a business combination, are shown at fair value at the date of the acquisition less accumulated amortisation. Amortisation is charged on a straight-line basis through the profit or loss. The rates applicable, which represent the Directors' best estimate of the useful economic life, are:

Customer relationships	- 15 years
Technology	- 10 years
Brand	- 10 years

(c) Software licences
Intangible assets, such as software licences, are recognised on business combinations if they are separately identifiable from the acquired entity or give rise to other contractual or legal rights. Identifiable assets are recognised at their fair value at the acquisition date. The identified intangibles assets are amortised over the useful economic life of the asset as follows:

Software licences	- 5 years straight line basis

3. **Significant accounting policies - continued**

(d) Development costs
Expenditure on the research phase of an internal project is recognised as an expense in the period in which it is incurred. Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- Completion of the asset is technically feasible so that it will be available for use or sale;
- The Group intends to complete the asset and use or sell it;
- The Group has the ability to use or sell the asset and the asset will generate probable future economic benefits (over and above cost);
- There are adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred. The cost of an internally generated asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee (other than Director) costs incurred.

Judgement by the Directors is applied when deciding whether the recognition requirements for development costs have been met. Judgements are based on the information available at the time when costs are incurred. In addition, all internal activities related to the research and development of new projects are continuously monitored by the Directors and are amortised over their useful economic life of 5 years on a straight-line basis.

Impairment of intangible assets
Assets that have an indefinite useful life, such as Goodwill, are not subject to amortisation. Assets that are subject to amortisation are reviewed for impairment whenever there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. The Group has not reviewed the intangible assets for impairment in the current period because the assets have been included at their revalued amounts subsequent to an independent valuation carried out during the period.

Taxation
Tax expenses recognised in profit or loss comprise the sum of the tax currently payable and deferred tax not recognised in other comprehensive income or directly in equity.

Current tax
The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3. **Significant accounting policies - continued**

Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be recognised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to recognise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset recognised based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets held by the Group are classified as 'loans and trade receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

3. **Significant accounting policies - continued**

Recognition and measurement

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'interest receivable and similar income' line item (note 10).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade debtors and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade debtors and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3. **Significant accounting policies - continued**

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. **Significant accounting policies - continued**

ii) Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

iii) Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

iv) Write-off policy
The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade debtors, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

3. **Significant accounting policies - continued**

(v) Measurement and recognition of expected credit losses - continued

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the balance sheet.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share Capital

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Foreign exchange reserve includes exchange differences arising on translation of foreign operations in accordance with IAS 21.

3. Significant accounting policies - continued

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, together with other short-term highly liquid investments that are readily convertible into known amounts of cash having maturities of 3 months or less from inception and which are subject to an insignificant risk of change in value and bank overdrafts. Bank overdrafts are shown within borrowings, in current liabilities on the Statement of Financial Position.

Employee benefits
The Group operates a defined contribution pension plan on behalf of its employees. Amounts contributed are expensed as they fall due. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Share-based payments
Employees (including Directors) of the Group received remuneration in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares ('equity-settled transactions'). The Group has applied the requirements of IFRS 2 share-based payments to all grants of equity instruments. The transactions have been treated as equity-settled.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the grant date of the equity instrument granted. The fair value is determined by using the Black-Scholes method. The costs of equity-settled transactions are recognised, together with a corresponding charge to equity, over the period between the date of grant and the end of a vesting period, where, relevant employees become fully entitled to the award. The total value of the options has been pro-rated and allocated on a weighted average basis.

Exceptional items
The Group separately discloses items which it determines are non-recurring exceptional items. These are non-recurring items or items that are material and unrelated to the principal operating activities of the Group and the normal working capital financing of the Group. The directors consider the separate disclosure of these items necessary for an appropriate understanding of the Group's performance.

Inventory
Stocks are measured at the lower of cost and estimated selling price, less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present, location and condition. Cost is based on the cost of purchase on a first in, first out basis.

All necessary provisions have been made for any obsolete, deteriorated, or unusable stock.

Provisions
Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement, and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the Statement of Financial Position and the amount of the provision as an expense.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Critical accounting judgements

Impairment of goodwill
The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows attributable to the acquired cash-generating unit and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary. At the reporting date, no impairments of goodwill were recognised in the period. Further details can be found in note 13.

4. Critical accounting judgements and key sources of estimation uncertainty - continued

Intangible assets and impairment
The Group recognises the intangible assets acquired as part of business-combinations at fair value at the date of acquisition. The determination of these fair values is determined by experts engaged by management and based upon management's and the Directors' judgement and includes assumptions on the timing and amount of future incremental cash flows generated by the assets and selection of an appropriate discount rate. Furthermore, management must estimate the expected useful lives of intangible assets and amortisation on these assets accordingly. At the reporting date, no impairments to other intangible assets were recognised in the period.

Development costs
Development costs incurred on specific projects are capitalised when certain conditions are satisfied. Careful judgement by the Directors has been applied when deciding whether the recognition requirements for development costs are met. Judgements are based on the information available at the time of incurring the costs, see note 13 for details of development costs capitalised in the period.

Agent vs principal
The Group considered its position in relation to the provision of the following three types of transactions which are distinct from its core business revenue generated from customer contracts.

a) Provision of discounted vouchers
This is the majority of the volume of the gross transactional value of the Group. The Group has a mixture of relationships with retailers and third-party service providers, depending on the voucher offering. For some offerings, this will require purchasing advanced stock, both physical and electronic. Other offerings require prepayment of credit, and some other offerings are delivered by a third-party.

The Directors considered each type of voucher provision, and concluded that there are two arrangements requiring revenue to be recognised in two ways as either "principal" or "agent". Revenue is recognised as principal where the Group has control over the good or service provided by the voucher in advance of dispatch to the customer.

- Where the Group purchases vouchers in advance of a customer order the Group is in control of good or service that the voucher entitles the holder to and consequently is the "principal" in the transaction. Revenue is recognised at the purchase price paid by the customer and the cost is recognised in cost of sales for the purchase of the voucher.
- Where the Group has an order from a customer and fulfils the voucher by instantaneously purchasing the voucher from a third-party and transferring it to the customer the Group does not have control over the good or service and acts as an "agent" in the transaction. The profit margin generated on these transactions is recognised within revenue.

b) Cash back transactions
The Group provides access to certain online retailers which settle their discount in the form of cashback, which the Group receives first and then passes on to the members of the scheme. Cash back affiliations then pay the Group, a bonus amount based on volumes. The Directors have considered this revenue stream and consider the Group as agent given:

- The fulfilment of the initial purchase takes place between the member-and the retailer.
- There is a credit risk only in the event that the Group chooses to settle a cashback transaction not received by a retailer.
- This is at the Group's discretion.
- There is no inventory risk.
- The Group passes all cashback received onto the member.
- The Group is affectively paid an agency fee in the form of a commission bonus.

4. **Critical accounting judgements and key sources of estimation uncertainty - continued**

c) Salary sacrifice transactions
The Group operated two material salary sacrifice schemes in the period, namely Cycle to Work and Child Care Vouchers. The Group considers itself an agent in the provision of Cycle to Work and a principle in the provision of Child Care Vouchers based on the following factors:

Cycle to Work:
- The Group is an agent on behalf of the cycle retailer.
- The Group receives its payment in the form of a discount from the retailer.
- The fulfilment is between the Retailer and the member.
- There is no inventory or credit risk.

Child Care Vouchers:
- The Group operates and fulfils its own CCV scheme.
- There is a limited credit risk if funds are not received from clients prior to releasing the CCV vouchers.
- The Group charges a percentage fee to clients to run the scheme so has the ability to set the price.

Based on the above, and given that in the vast majority of transactions the Group is considered an agent, the Group has taken the decision to present all the above on a net basis on the face of the Consolidated Statement of Comprehensive Income.

Share-based payments
The Group is required to measure the fair value of its share-based payments. The fair value is determined using the Black-Scholes method, which requires certain assumptions regarding market value of the shares at grant, the risk-free rate, share price volatility and the expected life of the share-based payment. The volatility of the Company's share price has been calculated as the average of similar listed companies over the preceding periods. The risk-free rate used is 0.5% (2019: 0.5 %) and management, including the Directors, have estimated the expected life of most share-based payments to be four years. See note 24 for further details of share-based payments in the period.

Key sources of estimation uncertainty
In the view of the Directors there are no key sources of estimation uncertainty which affect the Group's financial statements.

5. **Revenue**

Geographic reporting
The Group has identified four geographic areas (UK, Australia and USA) and the information is presented based on the customers' location.

	2020 £	2019 £
Disaggregation of revenue		
SaaS and fee revenue	36,808,188	32,940,604
Voucher resale	223,126,086	177,744,790
	259,934,274	210,685,394
Revenue:		
United Kingdom (including Ireland)	181,241,992	134,087,420
USA	5,814,790	4,167,096
Australia (including New Zealand)	72,877,492	72,430,878
	259,934,274	210,685,394

5. **Revenue - continued**

Contract liabilities

The transaction price allocated to (partially) unsatisfied performance obligations are as set out below.

	2020 £	2019 £
Contract Liabilities		
SaaS and fee revenue	11,573,311	12,365,590
Voucher resale	-	-
Total	11,573,311	12,365,590

Management expects that deferred income will be recognised in the income statement in the following periods:

	2020 £	%	2019 £	%
2020	11,549,249	100%	12,273,177	99%
2021	24,062	0%	68,351	1%
2022	-	0%	24,062	0%
	11,573,311		12,365,590	

6. **Loss for the year**

The loss for the year has been arrived at after charging:

	2020 £	Restated 2019 £
Auditors' remuneration		
- Audit of the Group	67,000	67,986
- Audit of the Subsidiaries	50,000	53,514
- Accounting fees	-	24,100
Depreciation of property, plant and equipment	2,273,515	2,314,385
Amortisation of intangible assets	7,369,608	7,101,754
Net foreign exchange loss	270,359	36,663
Share-based payments	1,088,133	2,576,945

7. Adjusted profit before tax

	2020	Restated 2019
	£	£
Adjusted operating profit		
Operating profit before tax adjusted for exceptional items and non-cash charges	14,780,798	11,209,917
Exceptional items	(616,056)	(1,357,525)
Share-based payments	(1,088,133)	(2,576,945)
EBITDA	13,076,609	7,275,447
Finance costs	(14,029,407)	(13,290,864)
Finance income	25,188	6,498
Profit on disposal of property, plant and equipment	3,005	932
Depreciation	(2,273,515)	(2,314,385)
Amortisation	(7,369,608)	(7,101,754)
Loss before tax	(10,567,728)	(15,424,126)

8. Exceptional items

	2020	2019
	£	£
Redundancy	792,340	943,747
Other	(196,849)	306,822
Acquisition costs	20,565	106,956
	616,056	1,357,525

During the year £792,34020 (2019: £943,747) of additional costs were incurred with organisational restructure, resulting in redundancy charges.

A credit was recognised for a release of a share option payroll taxes accrual in the year of £196,849 and is included in Other exceptional items. £306,822 was incurred in the prior year and included other severance costs and termination fees as part of a management restructure.

During the year £20,565 was incurred on costs relating to potential acquisitions. The costs incurred in 2019 related to the acquisitions of Achieve Brand Integrity LLC and Clarkwood Enterprise Ltd.

9. Finance costs

	2020	Restated 2019
	£	£
Bank interest payable	4,421,397	4,585,029
Amortisation of fees on loan	422,285	454,555
Interest on shareholder loans	8,905,513	8,251,280
Interest expense on leases	280,038	273,004
Other interest payable	174	-
	14,029,407	13,563,868

10. Finance income

	2020	2019
	£	£
Bank interest receivable	18,089	6,498
Other interest receivable	7,099	-
	25,188	6,498

11. Income tax

	2020	2019
	£	£
Corporation income tax:		
UK corporation tax	1,028,016	1,115,714
Adjustments in respect of prior periods (foreign tax)	553,022	(7,193)
Other	-	26,123
Adjustment in respect of prior periods	(180,652)	(322,837)
Double taxation relief	(17,015)	(64,786)
Foreign taxation	1,192,500	838,862
Total current tax charge	2,575,871	1,585,883
Deferred tax:		
Origination and reversal of temporary differences	(1,309,346)	(221,454)
Effect of tax rate change on opening balance	13,407	-
Adjustments in respect of prior periods	(292,997)	96,552
Total deferred tax credit	(1,588,936)	(124,902)
Tax charge on loss on ordinary activities	986,935	1,460,981

UK corporation tax is calculated at 19% (2019: 19%) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in those jurisdictions.

11. Income tax - continued

The charge for the year can be reconciled to the loss per the Consolidated Statement of Comprehensive Income as follows:

Reconciliation of tax charge:

	2020 £	Restated 2019 £
Loss on ordinary activities before tax	(10,567,728)	(15,359,520)
Income tax using the Group's domestic tax rate 19% (2019: 19%)	(2,007,869)	(2,918,309)
Effects of:		
Expenses not deductible for tax purposes	486,711	2,322,686
Deferred tax not recognised	2,719,208	2,041,797
Remeasurement of deferred tax for changes in tax rates	(76,587)	-
Adjustments in respect of prior periods	79,373	-
Income not taxable	(5,047)	(107,599)
Other tax adjustments, reliefs and transfers	(221,635)	170,334
R&D expenditure credits	12,781	(47,928)
Total tax charge for the year	986,935	1,460,981

12. Staff costs

The average monthly number of persons (including Directors) employed by the Group during the year were:

	2020 Number	2019 Number
Administration	58	61
Operations	356	355
Average number of staff	414	416

The aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	15,824,727	14,176,568
Social security costs	1,613,514	1,529,252
Other pension costs	535,526	485,868
Employee benefits costs	353,449	372,936
	18,327,216	16,564,654

Employee costs include Development costs capitalised during the period.

During the year benefits were accruing to three Directors in respect of defined contribution schemes (2019: two).

'Other pension costs' include only those defined contribution plan costs included within operating costs.

Directors' emoluments paid during the year and included in the above figures were:

Aggregate Directors' remuneration

	2020 £	2019 £
Aggregate emoluments	626,354	684,246
Other pension costs	28,513	18,064
	654,867	402,310

The highest paid director received emoluments totalling £276,315 (2019: £241,428).

Key management of the Group are the executive members of RG Engagement Group Limited's Board of Directors and therefore, the amounts disclosed above are the key management compensation as well.

13. Intangible assets

	Goodwill £	Technology £	Brands £	Customer relationships £	Software equipment £	Development costs £	Total £
COST							
At 1 July 2018	90,714,097	24,337,000	2,716,000	46,368,364	562,048	3,530,618	168,228,127
Additions	3,585,948	167,673	45,729	2,431,875	23,341	2,029,319	8,283,885
Net exchange differences	144,210	-	-	-	388	40,763	185,361
At 1 July 2019	94,444,225	24,504,673	2,761,729	46,800,239	585,777	5,600,700	176,697,373
Additions	-	-	-	-	119,530	2,174,491	2,294,022
Net exchange differences	121,464	-	-	-	1,314	107,999	230,776
At 30 June 2020	94,565,689	24,504,673	2,761,729	46,800,239	706,621	7,883,190	179,222,141
ACCUMULATED AMORTISATION							
At 1 July 2018	-	7,094,000	792,200	8,932,357	536,817	1,039,246	18,395,020
Charge for the year	-	2,475,618	294,465	3,412,485	13,614	905,572	7,101,754
Net exchange differences	-	-	-	-	380	20,040	20,420
At 1 July 2019	-	9,570,018	1,086,665	12,344,842	550,811	1,964,858	25,517,194
Charge for the year	-	2,479,510	294,431	3,409,632	26,469	1,159,566	7,369,608
Net exchange differences	-	-	-	-	1,466	76,744	78,210
At 30 June 2020	-	12,049,528	1,381,096	15,754,474	578,746	3,201,168	32,965,012
NET BOOK VALUE							
At 30 June 2020	94,565,689	12,445,145	1,380,633	33,045,765	127,875	4,682,021	146,257,129
At 30 June 2019	94,444,225	14,934,655	1,675,064	36,455,397	34,966	3,635,842	151,180,179

Amortisation expenses are included within 'administrative expenses'.

Goodwill is not amortised, but rather is tested annually for impairment, with the recoverable amount being determined from value in use calculations. The carrying value of goodwill has been tested for impairment with the recoverable amount based on a value-in-use calculation. The calculation of recoverable amount used cash flows taken from a 5 year business plan which reflect reasonable assumptions based on historical information and expected growth of the Company. A terminal valuation multiple was applied, reflecting external market expectations for similar companies. The post-tax discount rate used was 11.3% which was based on the weighted average cost of capital. The impairment review concluded that the recoverable amount of goodwill exceeded its carrying value, resulting in no indication of impairment.

13. Intangible assets - continued

The amount by which the recoverable amount exceeds the carrying value is £60m. A sensitivity analysis was performed where the following changes in key assumptions, in isolation, resulted in the recoverable amount falling to an amount equal to the carrying amount:

- 4.4% increase in the discount rate to 15.7%
- 6.6% decrease in EBITDA growth to a constant annual growth rate of 11.1%

14. Property, plant and equipment

	Right of use assets	Computer equipment	Fixtures and fittings	Office equipment	Restated Total
	£	£	£	£	£
COST					
At 1 July 2018	4,518,879	1,365,296	3,417,557	816,472	10,118,204
Additions	233,939	333,144	987,077	23,989	1,578,149
Disposals	(133,751)	(75,705)	(19,777)	(60,130)	(289,363)
Net exchange differences	31,526	9,679	54,071	11,633	106,909
At 1 July 2019	4,650,593	1,632,414	4,438,928	791,964	11,513,899
Additions	841,367	399,153	524,944	7,541	1,773,006
Disposals	(178,503)	(698,614)	(143,880)	(103,608)	(1,124,605)
Net exchange differences	46,703	(73,074)	106,098	(16,732)	62,995
At 30 June 2020	5,360,160	1,259,880	4,926,090	679,165	12,225,295
ACCUMULATED DEPRECIATION					
At 1 July 2018	1,140,906	911,177	1,326,034	441,374	3,819,491
Charge for the year	661,506	288,688	1,143,889	220,302	2,314,385
Disposals	(133,751)	(66,375)	(15,359)	(42,638)	(258,123)
Net exchange differences	5,835	6,140	18,575	5,860	36,410
At 1 July 2019	1,674,495	1,139,630	2,473,139	624,898	5,912,162
Charge for the year	710,563	341,820	1,098,246	122,886	2,273,515
Disposals	(178,503)	(696,822)	(142,913)	(103,495)	(1,121,733)
Net exchange differences	14,178	(113,740)	45,219	(17,762)	(72,105)
At 30 June 2020	2,220,733	670,890	3,473,691	626,527	6,991,841
NET BOOK VALUE					
At 30 June 2020	3,139,427	588,990	1,452,399	52,638	5,233,454
At 30 June 2019	2,976,098	492,784	1,965,789	167,066	5,601,737

Depreciation expenses are included within 'administrative expenses'.

15. Acquisitions

Achieve Brand Integrity LLC

On 2 July 2018, the Company's wholly owned subsidiary Reward Gateway (US) Inc. acquired 100% of the issue share capital of Achieve Brand Integrity LLC, a company incorporated in the USA for a consideration of £4,540,184.

Goodwill acquired on acquisition amounted to £3,585,948 and represents expected synergies from combining the operations of the Company into the Group and intangibles that do not qualify for separate recognition. The primary rationale for the acquisition of Achieve Brand Integrity was to acquire their clients, and to migrate these onto Reward Gateway's own technology platform.

Details of the fair value purchase consideration, goodwill, and identifiable assets and liabilities acquired are as follows:

	Assets & Liabilities acquired		
	Book value	**Fair Value Adjustments**	**Fair Value**
ASSETS	**£000**	**£000**	**£000**
Trading working capital	251	-	251
Deferred revenue	(1,167)	328	(839)
Deferred tax	-	-	-
Cash and cash equivalents	-	-	-
Identifiable net liabilities acquired	(916)	328	(588)
Trade name	-	45	45
Technology	-	166	166
Non-compete agreement	-	106	106
Customer relationships	-	1,226	1,226
Goodwill	-	3,586	3,586
Net assets acquired	(916)	5,457	4,541
Consideration			4,541

15. Acquisitions (continued)

Clarkwood Enterprise Ltd

On 2 July 2018, the Company's wholly owned subsidiary International Benefits Holdings Ltd required 100% of the issue share capital Clarkwood Enterprise Ltd, a company incorporated in the UK for a consideration of £1,423,155.

	Assets & Liabilities acquired		
	Book value	Fair Value Adjustments	Fair Value
ASSETS	**£000**	**£000**	**£000**
Cash and cash equivalents	338	-	338
Trading working capital	(5)	-	(5)
Identifiable net liabilities acquired	333	-	333
Customer relationships	-	1,090	1,090
Net assets acquired	333	1,090	1,423
Consideration			1,423

16. Inventories

	2020 £	2019 £
Finished goods and goods for resale	1,636,532	4,167,707

There is no material difference between the replacement cost of stocks and the amounts stated above.

£216,989,646 (2019: £172,311,113) of inventory was recognised as an expense in the year.

17. Trade and other receivables

	2020 £	2019 £
Trade receivables	16,647,323	13,260,202
Loss allowance	-	-
	16,647,323	13,260,202
Other receivables	1,556,150	979,616
Prepayments	3,384,938	3,284,373
Accrued income	1,467,936	575,563
	22,476,347	18,099,754

Included in prepayments is £1,709,235 (2019: £1,826,498) relating to sales commission to acquire new customers. These costs are recognised in the income statement over the period of the customer contract.

17. Trade and other receivables - continued

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

In addition, some of the unimpaired trade receivables of the Group are past due as at the reporting date. The age of financial assets past due, but not impaired, is as follows:

	2020	2019
	£	£
Less than 3 months	3,286,673	6,997,986
More than three months but not more than six months	486,163	290,272
More than six months but not more than nine months	72,257	84,714
More than nine months	213,963	87,344
	4,059,056	7,460,316

18. Contract liabilities

	2020	2019
	£	£
Amounts received in advance	11,573,311	12,578,675

A contract liability is recognised for revenue relating to provision of employee engagement technology at the time of the initial sales transaction and is released over the service period.

19. Trade and other payables

	2020	Restated 2019
	£	£
Trade payables	46,988,579	40,172,862
Other payables	566	68,904
Accruals	5,053,142	6,344,636
Other taxation and social security	4,865,768	2,533,213
	55,908,055	49,119,615

All amounts are short term. The Directors consider that the carrying value of trade and other payables to be a reasonable approximation of fair value.

20. Lease liabilities

	2020	Restated 2019
	£	£
Lease liability at start of period	3,480,665	3,851,934
Lease payments	(908,342)	(878,234)
Lease interest	280,038	273,004
Lease liabilities entered into during the period	841,367	233,939
Foreign exchange differences	65,834	-
Lease liability at end of period	3,759,562	3,480,665

	2020	2019
	£	£
Lease liabilities falling due within one year	771,677	513,396
Lease liabilities falling due after more than one year	2,987,885	2,967,269
Lease liability at end of period	3,759,562	3,480,665

21. Borrowings

	2020	2019
	£	£
Shareholder debt	120,297,401	111,391,888
Interest bearing loans and borrowings	69,250,760	64,088,309
	189,548,161	175,480,197

Effective 15 May 2018, the £65,000,000 Sterling Senior Term Loan and the £3,000,000 multicurrency revolving credit facility agreement with TPG Specialty Lending Europe Advisors Limited and HSBC Bank PLC as party to a separate participation agreement with TPG Specialty Lending Europe Advisors Limited was refinanced as a £60,000,000 Sterling Senior Term Loan and a £5,000,000 multicurrency revolving credit facility with Barings Global Advisers Limited and HSBC Bank PLC as Lead Arrangers. On 29 July 2018, the Group borrowed an additional £6,000,000 under the Accordion Facility provision of the credit facility agreement.

Debt items are shown net of loan fees paid on inception of £1,749,240 (2019: £1,911,692)

The applicable interest for the above facilities was a rate of LIBOR plus 6%, with a LIBOR floor of 5%. The rate in effect as at 30 June 2020 was approximately 6.3% (2019: 6.8%).

The fair value of the Sterling Term Loan, multicurrency revolving credit facility, and accrued interest in the financial statements are not materially different to the fair value of the debt.

Shareholder debt carries an 8% compound annual interest rate and, at the date of signature of the accounts are repayable in full on the earlier of a change of control or 7 August 2045, having previously been repayable at the earlier of a change of control or 7 August 2021. Shareholder debt, (including accrued interest), of £95,717,583 is listed on The International Stock Exchange.

Total interest expense and loan fees amortisation of fees on loan of £13,745,253 (2019: £13,290,864) has been recognised in 'Finance costs'.

22. Deferred tax

Deferred tax asset

	2020	2019
	£	£
At the start of the year	-	-
Credited to profit and or loss	668,622	-
At 30 June 2020	668,622	-

The deferred tax asset consists of the tax effect of timing differences in respect of:	2020	2019
	£	£
Other timing differences	135,587	-
Intangible fixed assets	533,035	-
	668,622	-

Deferred tax liability

	2020	2019
	£	£
At the start of the year	9,501,284	9,626,186
Credited to profit and or loss	(920,314)	(124,902)
Foreign exchange differences	543	-
At 30 June 2020	8,581,513	9,501,284

The deferred tax liability consists of the tax effect of timing differences in respect of:	2020	2019
	£	£
Accelerated capital allowances	(9,721)	41,591
Intangible fixed assets	8,591,234	9,459,693
	8,581,513	9,501,284

Unutilised tax losses carried forward which have not been recognised as a deferred tax asset were £20,074,459 (2019: £5,613,071). The losses relate to interest which will be allowed for tax when paid on a change of control of the Group and US losses which will be considered for recognition when the US operation starts to make taxable profits.

23. Called up share capital

Allotted, called up, and fully paid

	A £0.01 Number	B1 £0.01 Number	B2 £1.00 Number	B3 £1.00 Number	B4 £0.01 Number	C1 £0.10 Number	C3 £0.01 Number	D £0.001 Number	Total Number
At 1 July 2018 and 30 June 2019	165,021	38,889	566	905	2,026	4,444	57,776	-	269,627
Issue of ordinary shares	-	-	-	-	-	-	25,407	1,134,946	1,160,353
Redesignation of shares	-	(7,477)	-	-	-	-	7,477	-	-
Repurchase of shares	-	(10,301)	-	-	-	(740)	(4,444)	(42,807)	(58,292)
Closing balance at 30 June 2020	165,021	21,111	566	905	2,026	3,704	86,216	1,092,139	1,371,688

	A £0.01 £	B1 £0.01 £	B2 £1.00 £	B3 £1.00 £	B4 £0.01 £	C1 £0.10 £	C3 £0.01 £	D £0.01 £	Total £
At 1 July 2018	1,650	389	566	905	20	444	578	-	4,552
Issue of ordinary shares	-	-	-	-	-	-	-	-	-
Closing balance at 30 June 2019	1,650	389	566	905	20	444	578	-	4,552
Issue of ordinary shares	-	-	-	-	-	-	253	1,136	1,389
Redesignation of shares	-	(75)	-	-	-	-	75	-	-
Repurchase of shares	-	(103)	-	-	-	(74)	(44)	(43)	(264)
Closing balance at 30 June 2020	1,650	211	566	905	20	370	862	1,093	5,677

All share classes are entitled to dividends. Any profits which the Company determines to distribute in any financial year shall be paid in accordance with the schedule detailed in the updated Articles of Association. 'Bl', 'B2' and 'B3' shares give the holders the right to 5 per cent of the total voting rights of the Company. 'B4', 'C1' and 'C3' shares carry no right to vote. 'A' shareholders carry the remaining voting rights.

Share premium account
Share premium represents the amount subscribed for share capital in excess of the nominal value.

Share-based payment reserve
The share-based payment reserve comprises the accumulated credit in reserves for the share-based payment charge in the Consolidated Statement of Comprehensive Income in accordance with IFRS 2.

Foreign exchange reserve
Foreign exchange reserve includes exchange differences arising on translation of foreign operations in accordance with IAS 21.

Accumulated losses
Accumulated loss includes accumulated profits, losses and distributions of the Group.

24. Share-based payments

The Group operates a share option scheme for the benefit of certain Directors and employees. Shares typically vest over 4 years from the date the individual subscribes for the shares. Employees are required to remain in the employment of the Group at the time each tranche vests. If an employee leaves employment of the Group it is the unvested potion of shares that the employee forfeits. Shareholders are entitled to a distribution for their vested shares at the time the Group is sold or if it lists on a public stock market and as such 4 years has been assumed as reasonable period for the basis of calculating a share-based payment charge. The number of shares in the table below are the shares in issue, reduced for the unvested share potion for employees who have left the Group and increased for employees who have been admitted into the share scheme but the shares are in the process of being issued. Consequently, the shares below do not match the issued share capital in note 23. For certain C shares these were issued as part of an acquisition and are therefore not included in the table below or taken into consideration for the share-based payment charge.

The Group has no legal or constructive obligation to repurchase the shares.

The inputs into the Black Scholes model are as follows:

	2020 C shares	2020 C shares	2020 C shares	2020 D shares	2019 C shares	2019 D shares
Expected life	4 years	2.5 years	2 years	4 years	4 years	4 years
Expected volatility	50%	50%	50%	50%	50%	50%
Share price	£440.34	£440.34	£440.34	£6.28	£456.06	£6.28
Risk-free rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Expected dividend yield	0%	0%	0%	0%	0%	0%
Attrition	0%	0%	0%	7%	0%	14%

Movement in shares used in share-based payment calculation:

	D shares	C shares	Total
Shares at 1 July 2018	786,742	22,220	1,092,210
Increase in year	288,824	61,774	350,598
Decrease in year	(54,536)	(740)	(55,276)
Shares at 30 June 2019	1,003,030	83,254	1,086,284
Increase in year	171,780	5,184	176,964
Decrease in year	(82,711)	(4,444)	(87,155)
Shares at 30 June 2020	1,092,139	83,974	1,176,113

A share-based payment charge of £1,088,133 (2019: £2,576,988) has been recognised for the financial year.

25. Undertakings included in the financial statements

The consolidated financial statements include:

	Class of share held	Country of incorporation	Proportion held	Nature of business
RG Engagement Group 2 Ltd	Ordinary	UK	100%	Holding company
RG Engagement Group 3 Ltd*	Ordinary	UK	100%	Holding company
RG Engagement Group 4 Ltd	Ordinary	UK	100%	Holding company
RG Engagement Group 5 Ltd	Ordinary	UK	100%	Holding company
International Benefits Holdings Limited*	Ordinary	UK	100%	Holding company
Asperity Employee Benefits Group Limited*	Ordinary	UK	100%	Holding company
Reward Gateway (UK) Ltd	Ordinary	UK	100%	Provision of employee benefit schemes
Reward Gateway (US) Inc.	Ordinary	USA	100%	Provision of employee benefit schemes
Reward Gateway PTY Ltd	Ordinary	Australia	100%	Provision of employee benefit schemes
Reward Gateway Bulgaria (Branch)	Ordinary	Bulgaria	100%	Provision of employee benefit schemes
Clarkwood Enterprise Ltd**	Ordinary	UK	100%	Dormant
Perkz Limited**	Ordinary	UK	100%	Dormant
LogBuy UK Limited**	Ordinary	UK	100%	Dormant
Achieve Brand Integrity LLC	Ordinary	USA	100%	Dormant

* These companies have taken the exemption from requiring an audit under s479A of the Companies Act 2006.
** After the year end the Directors have applied to strike off these companies as they are dormant.

RG Engagement Group 2 is a directly held subsidiary. All other companies are indirectly held. All subsidiary undertakings have been included in the consolidated financial statements.

The registered office of all UK incorporated entities is 265 Tottenham Court Road, London, WIT 7RQ. The registered office of overseas entities and branches are as follows:

Reward Gateway (US) Inc.	2711 Centerville Rd, Suite 400, Wilmington, DE, USA
Reward Gateway PTY Ltd	Suite 13.01, Level 13, Australia Square Plaza, 87-95 Pitt Street, Sydney NSW 2000.
Reward Gateway Bulgaria	59 Iztochen bul., fl. 3, Plovdiv, Bulgaria

Where applicable, exemptions from filing individual statutory financial statements by virtue of s448A of the Companies Act 2006 have been taken.

Reward Gateway DOOEL Skopje was dissolved on 4 October 2019.

26. Financial instruments

Categories of financial instruments

Financial assets at amortised cost	2020 £	Restated 2019 £
Trade and other receivables	22,476,347	18,099,754
Cash and bank balances	25,330,995	11,521,996
	47,807,342	29,621,750

Financial liabilities at amortised cost		
Trade and other payables	55,908,055	49,391,012
Borrowings	189,548,161	175,480,196
Lease liabilities	3,759,562	3,480,665
	249,215,778	224,871,208

The Group holds or issues financial instruments to finance its operations. The Group does not trade in financial instruments. Long term loans are at fixed rates and are used in order to secure funding for the future developments of the Group as a whole.

Financial risk management

The principal financial risks faced by the Group are liquidity risk, credit risk and currency risk. The policies and strategies for managing these risks are summarised as follows:

a) Market Risk

(i) Foreign exchange risk

Foreign exchange exposures arise because the Group earns a proportion of its revenue in non- sterling currencies whereas the majority of the Group's cost base is in sterling. The Group is primarily exposed to foreign exchange in relation to movements in sterling against US dollar, Australian dollar and Bulgarian lev. The Group currently benefits from a natural hedge by the weakening of the GBP against all three currencies mentioned, as well as its profitable position in Australia and Bulgaria, offsetting losses in the US.

The Group does not use derivatives to hedge translation exposures. All gains and losses are recognised in profit or loss on translation at the reporting date. The table below illustrates the estimated impact on profit or loss as a result of market movements in US Dollar, Australian Dollar and Bulgarian lev and Sterling exchange rate, which are a reasonable approximation of possible changes.

Foreign exchange risk	In Sterling against US Dollars £	In Sterling against Aus Dollars £	In Sterling against Bulgarian Lev £
Profit / (loss) before tax	(3,939,091)	1,704,308	929,578
10% change in profit/(loss) before tax	393,309	(170,431)	(92,958)

Other currencies are not significant and therefore the impact to the profit after tax would be immaterial.

26. Financial instruments - continued

The net amounts of receivables and payables are denominated in the following currencies:

	Other	US Dollar	Bulgarian Lev	Sterling	Total
	£	£	£	£	£
Financial assets	9,277,083	1,462,967	147,693	36,919,599	47,807,342
Financial liabilities	(8,972,304)	(2,149,204)	(173,416)	(237,920,854)	(249,215,778)
Total exposure at 30 June 2020	304,779	(686,237)	(25,723)	(201,001,255)	(201,408,436)

	Other	US Dollar	Bulgarian Lev	Sterling	Restated Total
	£	£	£	£	£
Financial assets	6,425,864	1,148,208	148,901	21,898,777	29,621,750
Financial liabilities	(7,010,701)	(1,987,172)	(96,510)	(215,776,825)	(224,871,208)
Total exposure at 30 June 2019	(584,837)	(838,964)	52,391	(193,878,048)	(195,249,458)

Equity includes all capital and reserves of the Group that are managed as capital.

(ii) Interest rate risk

	30 June 2020	30 June 2019
LIBOR 3-month rate	0.77%	0.78%
Increase of 1%	1.77%	1.78%
Bank debt outstanding	£71,000,000	£66,000,000
Effect (0.5% base rate)	£710,000	£660,000
Remove tax impact (19%)	£575,100	£534,600

The Group's principal bankers offer competitive interest rates with the advantage of quick access to the funds. The Group has a Sterling term bank loan of £66m at a rate of Libor +5.5% with a minimum clause of Libor being 0.5% and a £5m revolving credit facility of Libor +2.5% with a minimum clause of Libor being 0.5%. At 30 June 2020, an increase of 1% in LIBOR would increase the loss after tax for the year by £575,100 (2019: £534,600).

b) Credit Risk

The Group's principal financial assets are cash and cash equivalents, and trade and other receivables. The Group has no significant concentration credit risk. The maximum exposure to credit risk is that shown within the balance sheet. All amounts, other than the Sterling term loan are short term, and management consider the amounts to be of good credit quality. Credit risk is mitigated by adopting a policy of requesting fees before the commencement of services.

c) Liquidity risk

The Group's funding strategy is to ensure a mix of funding sources offering flexibility and cost effectiveness, to match the requirements of the Group. The Group has access to a £5m revolving credit facility which can be utilised to address short term cash requirements.

Maturity analysis

Set out below is a maturity analysis for non-derivative financial liabilities. The amounts disclosed are based on contractual undiscounted cash flows. The table includes both interest and principal cash flows. The Group had no derivative financial liabilities at the reporting date.

26. Financial instruments - continued

	Total 2020 £	Less than one year £	1-5 Years £	Over 5 Years £
Shareholder debt	120,297,401	-	120,297,401	-
Borrowings	69,250,760	-	-	69,250,760
Lease liabilities	3,759,562	771,677	2,756,068	231,817
Trade and other payables	55,908,055	55,908,055	-	-
	249,215,778	56,679,732	123,053,469	69,482,577

	Total 2019 £	Less than one year £	1-5 Years £	Over 5 Years £
Shareholder debt	111,391,888	-	111,391,888	-
Borrowings	64,088,308	-	-	64,088,308
Lease liabilities	3,480,665	513,396	2,343,898	623,371
Trade and other payables	49,391,012	49,319,012	-	-
	228,351,873	49,832,408	113,735,786	64,711,679

d) Capital risk management

The Group's objectives when managing capital are to maximise shareholder value while safeguarding the Group's ability to continue as a going concern. The capital is calculated as total equity as shown in the consolidated Statement of Financial Position, plus net debt. Net debt is calculated as the total, of "borrowings" as shown in the consolidated Statement of Financial Position less cash-and cash equivalents.

e) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 June 2020, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the maximum amount the entity would have to pay if the financial guarantee is called upon. The related loss allowance is disclosed in note 17.

In order to minimise credit risk, the Group has tasked its management team to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

27. Financial commitments

The Group leases various office buildings under operating leases. The present value of future minimum rentals payable under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Less than 1 year	1,121,349	818,477
Between 2 and 5 years	2,228,028	1,111,197
Over 5 years	41,998	10,541
	3,391,375	1,940,215

28. Transactions with Directors and other related parties

Glenn Elliott, a Director of the Company until 2 July 2018, accrued £1,670,281 (2019: £1,547,115) of interest income on Loan Notes from RG Engagement Group Limited, of which the total amount outstanding (including interest) at 30 June 2020 was £22,556,930 (2019: £20,886,649).

D A Butler, a US national and Director of the Company, has a balance due to the Company of £103,487 (2019: £58,792) for UK payroll taxes paid on his behalf. This balance will be settled in the year ended 30 June 2021.

Details of key management compensation are given in note 12.

There were no other material related party transactions.

29. Development costs

The aggregate amount of research and development expenditure recognised as an expense during the year excluding salary costs totalled £Nil (2019: £Nil).

30. Subsequent events

There are no disclosable adjusting or non-adjusting subsequent events.

31. Ultimate controlling party

The parent and ultimate controlling party is RG Investment Holding L.P.

RG Engagement Group Limited

Company Statement of Position
As at 30 June 2020

ASSETS	Notes	2020 £	2019 £
Non-current assets			
Investments	4	1,616,504	1,415,944
Trade and other receivables	5	23,724,321	22,082,045
		25,340,825	23,497,989
Current assets			
Trade and other receivables	5	44,778	24,569
Current liabilities			
Trade and other payables	6	(49,667)	(196,849)
Net current liabilities		(4,889)	(172,280)
Total assets less current liabilities		25,335,936	23,325,709
Non-current liabilities			
Trade and other payables	6	(24,579,818)	(22,731,160)
Net assets		756,118	594,549
Equity			
Share capital	7	5,677	4,552
Share premium account		278,713	265,075
Share-based payment reserve		6,696,613	5,508,479
Accumulated losses		(6,124,885)	(5,183,557)
Total equity		756,118	594,549

The Company's total comprehensive loss for the year was £941,328.

The financial statements of RG Engagement Group Limited (Registered number: 09704342) were approved and authorised for issue by the Board of Directors on 27 October 2020 and were signed on its behalf by:

....
E Morii - Director

The notes on pages 55 to 57 form an integral part of these consolidated financial statements.

RG Engagement Group Limited

Company Statement of Changes in Equity
As at 30 June 2020

	Share capital £	Share premium £	Share-based payment reserve £	Accumulated losses £	Total £
Balance at 1 July 2018	4,552	265,075	2,325,976	(2,019,764)	575,839
Share-based payments	-	-	3,182,503	-	3,182,503
Loss for the year and Total comprehensive loss	-	-	-	(3,163,794)	(3,163,794)
Balance at 30 June 2019	4,552	265,075	5,508,479	(5,183,557)	575,839
Share-based payments	-	-	1,088,134	-	1,088,134
Loss for the year and Total comprehensive loss	-	-	-	(941,328)	(941,328)
Issue of shares	790	13,638	-	-	14,428
Repurchase of own shares	(161)	-			(161)
Other movement	496	-	-	-	496
Balance at 30 June 2020	5,677	278,713	6,596,613	(6,124,885)	737,408

1. **Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006.

2. **Accounting policies**

2.1 Basis of preparation
The financial statements have been prepared under the historical cost convention and in compliance with FRS 102. The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The financial statements are prepared in sterling, which is the functional currency of the entity.

2.2 Financial reporting standard 102 - reduced disclosure exemption
The Entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of RG Engagement Group Limited which can be obtained from 265 Tottenham Court Road, London, WIT 7RQ. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- Section 4.12 (a) (iv) Disclosures in respect of the Statement of Financial Position have not been presented
- Section 3.17 (d) No Statement of Cash Flows has been presented for the Company
- Section 7 Disclosures in respect of the Statement of Cash Flows have not been presented
- Section 11.39 to 11.48A Disclosures in respect of financial instruments have not been presented
- Financial statement disclosures applicable to Section 12.26 to 12.29 have not been presented
- Section 33.7 No disclosure has been given for the aggregate remuneration of key management personnel

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a Profit and Loss Account for the Company alone. This information is included in the consolidated financial statements of RG Engagement Group Limited for the year ended 30 June 2020 and these financial statements may be obtained from 265 Tottenham Court Road, London, WIT 7RQ.

2.3 Investments
Investments are stated at cost less provision for impairment.

2.4 Debtors
Debtors are stated in the balance sheet at estimated net realisable value.

2.5 Share-based payment accounting
Certain subsidiary entities make share-based payments using the Company's equity instruments. The value of these payments is treated as an additional investment in the relevant subsidiary and credited to share-based payment reserve.

2.6 Share capital and reserves
Share capital represents the nominal value of shares that have been issued.

Share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share-based payment reserve represents the fair value of share-based payments made by subsidiary undertakings using the Company's equity instruments.

Profit and Loss Account include all current and prior period retained profits or losses. It also includes charges related to share-based employee remuneration.

2.7 Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method.

3. Significant accounting judgements and estimates

Details of significant accounting judgements and estimates are given in note 4 of the consolidated financial statements. The only one relevant to the Company financial statements is that concerning share-based payments.

4. Investments

	Shares in Group undertakings £
Cost and net book value	
At 1 July 2019	1,415,944
Additions	200,560
At 30 June 2020	1,616,504

Subsidiaries
Additions relate to capital expenditure arising from share-based payment expense.

Details of the Company's subsidiary companies can be found in note 23 of the consolidated financial statements.

5. Trade and other receivables

	2020 £	2019 £
Non-current		
Amounts owed by Group undertakings	23,724,321	20,082,045
Current		
Other receivables	-	24,569
Amounts owed by Group undertakings	44,778	-
	44,778	24,569

Non-current amounts owed by Group undertakings relate to intercompany loan notes to RG Engagement Group 2 Limited of £16,343,540 (2019: £16,343,540) plus interest receivable of £7,380,781 (2019: £5,738,505). The loan notes carry an 8% compound annual interest rate and, at the date of signature of the accounts are repayable in full on the earlier of a change of control or 7 August 2045, having previously been repayable at the earlier of a change of control or 7 August 2021.

6. Trade and other payables

	2020 £	2019 £
Current		
Trade payables	9,738	-
Amounts owed by Group undertakings	39,929	-
Other taxation and social security	-	196,849
	49,667	196,849
Non-current		
Shareholder debt	24,579,818	22,928,009

The Directors consider the carrying value of shareholder debt to be a reasonable approximation of fair value.

Shareholder debt carries an 8% compound annual interest rate and are repayable in full on the earlier of a change of control or 7 August 2045.

Total interest expense of £1,848,657 (2019: £1,686,288) has been recognised profit or loss.

7. Called up share capital

Details of the Company's share capital can be found in note 22 of the consolidated financial statements.

8. Deferred taxation

An unrecognised deferred taxation asset exists in respect of trading losses sustained which has not been recognised as it is unlikely it will be utilised, in the foreseeable future. The asset amounts to £998,242 (2019: £998,242).

9. Employees

The Company had no employees of its own during the financial year (2019: Nil) and the Directors of the Company have been remunerated through a fellow subsidiary in both 2019 and 2020, with the exception of a share-based payment expensed in the Company, amounting to £887,574 (2019: £692,721).

10. Ultimate controlling party

The parent and ultimate controlling party is RG Investment Holding L.P. Investment Holding L.P. does not prepare consolidated accounts. These accounts are the largest and smallest consolidated accounts in which the Company is included.