

FREETRADE LIMITED

Directors' report and financial statements

Registered number 09797821

For the year ended 30 September 2020



Freetrade Limited

Company information

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Adam Dodds
Davide Fioranelli
Viktor Nebehaj
Perry Blacher (appointed 8th June 2020)

Registered Office

32-38 Lemn Street
London
E1 8EW

Independent auditors

PricewaterhouseCoopers LLP
7 More London Riverside, London, SE1 2RT

Freetrade Limited

Directors' report

Incorporation

The company is a private limited company, limited by shares. It is registered in England and Wales and domiciled in the United Kingdom.

Principal activities

The Company is an app-based stockbroker, providing an execution-only trading platform to retail customers. Customers are able to purchase instruments listed on exchanges in the United Kingdom and United States, and to hold these in either a General Investment Account or a Stocks and Shares Individual Savings Account.

Results

The loss before tax for the year ended 30 September 2020 was £8,395,000 (2019: £3,884,000), and after accounting for taxation the loss for the year was £7,838,000 (2019: £3,470,000). The increased loss for the year reflects the Company's ongoing investment in developing the trading platform and brand.

No dividend is proposed in respect of 2020 (2019:£nil).

Financial risk management

Information in respect of financial risk management is set out in Note 18 to the financial statements.

Directors

The Directors of the company who were in office during the year and up to the date of signing the financial statements are listed on page 1.

The Company provided indemnities to the Directors against all costs, charges, losses, expenses and liabilities incurred by them in the execution and discharge of their duties to the Company through its directors' and officers' liability insurance. This insurance is a qualifying third party indemnity insurance and was in force during the financial year and also at the date of approval of the financial statements.

Statement of directors' responsibilities in respect of financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and

Freetrade Limited

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

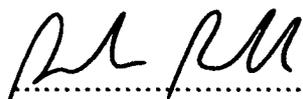
Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Going concern

The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Directors' report was approved by the Board of Directors and signed on its behalf by:



A Dodds

Director

22 January 2021

Freetrade Limited

Independent auditors' report to the members of Freetrade Limited

Report on the audit of the financial statements

Opinion

In our opinion, Freetrade Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 30 September 2020; the Statement of comprehensive income, the Statement of cash flows, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. Based on the Directors' base case forecasts and plans, and taking into account existing cash and debt facilities, the company will need to raise additional funding during 2021 in order to continue meeting its liabilities as they fall due. This condition, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Reporting on other information

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

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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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 September 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of financial statements set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

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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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Shujaat Khan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 January 2021

Freetrade Limited

Statement of comprehensive income

For the year ended 30 September 2020

	Notes	2020 £'000	2019 £'000
Revenue		1,660	86
Operating expenses	4	<u>(10,055)</u>	<u>(3,970)</u>
Operating loss		(8,395)	(3,884)
Loss on ordinary activities before taxation		(8,395)	(3,884)
Tax on loss on ordinary activities	6	<u>557</u>	<u>414</u>
Loss for the year		<u>(7,838)</u>	<u>(3,470)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss attributable to shareholders		<u>(7,838)</u>	<u>(3,470)</u>

No final dividend is proposed in respect of 2020 (2019: £nil).

The accompanying notes on pages 11 to 23 form an integral part of these financial statements.

All losses and total comprehensive losses included above are derived from continuing operations.

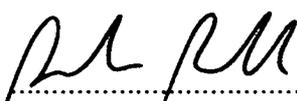
Freetrade Limited

Statement of financial position

As at 30 September

	Notes	2020 £'000	2019 £'000
Non-current assets			
Property, plant and equipment	7	94	76
Intangible assets	8	<u>1,905</u>	<u>828</u>
		1,999	904
Current assets			
Trade and other receivables	10	3,318	847
Cash and cash equivalents	11	<u>6,730</u>	<u>3,355</u>
		10,048	4,202
Current liabilities			
Trade and other payables	12	<u>1,461</u>	<u>297</u>
Net current assets		8,587	3,905
Net assets		10,586	4,809
Equity			
Called up share capital	13	-	-
Share premium account		22,801	10,086
Other reserves		912	12
Accumulated losses		<u>(13,127)</u>	<u>(5,289)</u>
Total equity		10,586	4,809

The financial statements on pages 7 to 23 were approved by the Board of Directors and signed on its behalf by:



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A Dodds
Director
22 January 2021

The accompanying notes on pages 11 to 23 form an integral part of these financial statements.

Freertrade Limited

Statement of changes in equity

For the year ended 30 September 2020

	Notes	Share Capital £'000	Share premium £'000	Accumulated losses £'000	Other reserves £'000	Total equity £'000
Balance as at 1 October 2018		-	4,610	(1,819)	3	2,794
Total comprehensive loss for the year		-	-	(3,470)	-	(3,470)
Share based payments		-	-	-	9	9
Proceeds from share issuance	13	-	5,476	-	-	5,476
Balance as at 30 September 2019		-	10,086	(5,289)	12	4,809
Balance as at 1 October 2019		-	10,086	(5,289)	12	4,809
Total comprehensive loss for the year		-	-	(7,838)	-	(7,838)
Share based payments		-	-	-	900	900
Proceeds from share issuance	13	-	12,715	-	-	12,715
Balance as at 30 September 2020		-	22,801	(13,127)	912	10,586

The accompanying notes on pages 11 to 23 form an integral part of these financial statements.

Freetrade Limited

Notes to the Financial Statements

Statement of cash flows

For the year ended 30 September 2020

	Notes	2020 £'000	2019 £'000
Cash flow from operating activities			
Cash generated from operations	15	(7,980)	(3,909)
Income tax credit received		411	95
Net cash used in operating activities		(7,569)	(3,814)
Cash flow from investing activities			
Purchase of property, plant and equipment	7	(102)	(93)
Purchase of intangible assets	8	(1,669)	(898)
Net cash used in investing activities		(1,771)	(991)
Cash flow from financing activities			
Proceeds from issuance of shares	13	12,715	5,476
Net cash generated from financing activities		12,715	5,476
Net increase in cash and cash equivalents		3,375	671
Cash and cash equivalents at 1 October		3,355	2,684
Cash and cash equivalents at 30 September		6,730	3,355

The accompanying notes on pages 11 to 23 form an integral part of these financial statements.

Freetrade Limited

Notes to the Financial Statements

1. Significant accounting policies

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

The Company has taken advantage of the following exemptions in preparing this report:

- Companies Act 2013, s414B – exemption from preparing a Strategic Report
- Companies Act 2006, s402 – exemption from preparing consolidated accounts

1.1 Basis of preparation

The financial statements of Freetrade Limited have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

1.2 Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for at least 12 months from the date these financial statements are approved. Based on the Directors' base case forecasts and plans, which assumes the recruitment of additional staff and the continued growth in users and revenue of the Freetrade app and, considering the existing cash and debt facilities, the Company has sufficient funding to continue its operations until the second half of 2021. The Company will need to raise additional funding during the first half of 2021, in order to meet its cash requirements for the subsequent months.

The Directors maintain confidence in the Company's ability to raise capital as necessary for the following reasons:

- Ongoing conversations with existing and prospective institutional investors.
- The availability of, and our successful record of raising money through, crowdfunding.
- Our engaged and supportive investor base.

The Directors are confident that it is appropriate to prepare these financial statements on a going concern basis. However, there is no guarantee that attempts to raise adequate additional financing on a timely basis will be successful. This represents a material uncertainty, which may cast significant doubt over the Company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

1.3 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 October 2019, have had a material impact on the Company.

(b) New standards, amendments and interpretations issued but not yet effective and not adopted early

A number of new standards and amendments are not yet effective for the year ended 30 September 2020. None of these are expected to have a significant impact on the financial statements of the company:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 - definition of a business
- Amendments to IAS 1 and IAS 8 - definition of material
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform
- Amendments to IFRS 16 - Covid-19-Related Rent Concessions
- IFRIC 23, 'Uncertainty over income tax treatments'

Freetrade Limited

Notes to the Financial Statements

1. Significant Accounting Policies (cont.)

1.4 Revenue

Revenue excludes value added tax or other sales tax, and is recognised in the statement of comprehensive income statement on the following basis:

- (i) Transaction revenue, consisting of fees arising from stockbroking transactions, is recognised on execution date of the relevant trade.
- (ii) Recurring revenue, consisting of account subscription fees, are charged monthly in advance and recognised on an accruals basis in the period during which the service is provided.

1.5 Foreign currencies

The financial statements are presented in GBP, which is the Company's presentational currency. The functional currency of the Company is also GBP.

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into GBP at the rates of exchange prevailing on the statement of financial position date. Transactions in foreign currencies are recorded at the prevailing foreign exchange rates at the date of the transaction. Exchange differences are recorded in other gains/(losses) in the statement of comprehensive income.

1.6 Property, plant and equipment

Property, plant and equipment are stated at historic cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. They are depreciated when they are available for use and at rates sufficient to write off their cost net of expected residual values over their estimated useful life on a straight-line basis. The residual values and useful lives are reviewed at balance sheet date:

Office equipment - two years

Computer equipment - two years

1.7 Intangible assets

Intangible assets consist of internally generated software and separately acquired assets.

Separately acquired assets are recognised at cost, including any directly attributable costs of bringing the asset into use.

Directly attributable costs incurred in the development of software are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete it;
- management intends to complete the asset and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are adequate technical, financial and other resources available to complete the development of the asset; and
- the expenditure attributable to the asset can be reliably measured.

Intangible assets are amortised when they are available for use and at rates sufficient to write off their cost net of expected residual values over their estimated useful life on a straight-line basis. Where they are considered to have an indefinite useful life no amortisation is charged. Indefinite life assets are reviewed annually for impairment.

The residual values and useful lives are reviewed at balance sheet date:

Software - three years

Freertrade Limited

Notes to the Financial Statements

1. Significant Accounting Policies (cont.)

1.8 Investment in subsidiary

Investments in subsidiaries are stated at historical cost less provision for impairment, if necessary. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

1.9 Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment. Trade and other receivable are classified as current assets if the payment or service is due within one year or less. If not, they are presented as non-current assets.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1.11 Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

1.12 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

1.13 Equity

The Company's share capital consists of Series A shares, A Ordinary shares and B Investment shares.

Transaction costs directly attributable to an equity transaction are accounted for as a deduction from equity, net of any related tax benefit.

1.14 Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, and the purpose for which the asset was acquired. Management determines the classification of its financial instruments at initial recognition.

Freetrade Limited

Notes to the Financial Statements

1. Significant Accounting Policies (cont.)

1.15 Share based compensation

The Company operates two equity-settled, share-based compensation scheme, under which the entity receives services from employees as consideration for equity instruments (options) of the Company:

- (i) The Freetrade Limited EMI Scheme
- (ii) The Non-Employee Sub-Scheme of the Freetrade Limited EMI Scheme

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense on a straight line basis over the vesting period in the statement of comprehensive income. The total amount to be expensed is determined by reference to the fair value of the options granted.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances, employees might provide services in advance of the grant date, and so the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement and grant date.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

1.16 Income tax

The tax charge for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income.

(i) *Current tax*

The current tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the United Kingdom. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) *Deferred tax*

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the current tax losses or temporary differences can be utilised.

Deferred tax liabilities are provided for in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements.

Tax rates enacted or substantively enacted are used to determine the deferred tax assets and liabilities.

2. Critical accounting estimates and judgements

2.1 Share-based payments

The Company measures the cost of equity-settled options based on the fair value of the awards granted. The fair value is determined based on an appropriate valuation model (Black Scholes) given the share options are not actively traded. The use of an option valuation model to determine the fair value requires the input of highly subjective assumptions, including the expected price volatility, expected life of the award and dividend yield. Changes in the subjective assumptions can materially affect the fair value estimates.

The main assumptions that have been used in deriving the value of the options at grant are;

Risk free rate – 0.04%

Volatility – 46%

The fair value of options at grant date is recognised as an employee expense with a corresponding increase in other reserves over the period that the employees become unconditionally entitled to the awards.

2.2 Software development

As described in notes 1.7 and 8, the Company incurs expenditure on the development of software and implementation of systems. The judgements regarding capitalisation, impairment and the estimation of the useful lives of the assets have a material impact on the financial statements.

2.3 Research and Development tax relief

Each year the Company applies for Research and Development tax relief in relation to qualifying expenditure. This is not submitted or granted until after the year-end, and so it is necessary to estimate the credit that is expected to be received. This estimate is calculated based on expenses recorded in the financial statements.

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Notes to the Financial Statements

3 Auditors' remuneration

During the year the Company obtained the following services from the Company's external auditors:

	2020	2019
	£'000	£'000
Audit of the Company's financial statements	65	38
Audit related assurance services	138	37
Tax advisory services	-	16
Tax compliance services	-	5
	<u>203</u>	<u>96</u>

4 Operating expenses

	2020	2019
	£'000	£'000
Advertising & Marketing	1,036	129
Employee costs	3,856	1,664
IT software and consumables	1,433	499
Depreciation & amortisation	676	217
Rent	523	329
Audit and accountancy fees	203	75
Other operating expenses	2,328	1,057
	<u>10,055</u>	<u>3,970</u>

5 Employee costs

Employee costs (including Directors) comprise the following:

	Notes	2020	2019
		£'000	£'000
Wages and salaries		2,204	1,252
Other pension costs		188	99
Social security costs		455	246
Share-based compensation benefits	14	900	9
Termination benefits		26	20
Other staff costs		83	38
		<u>3,856</u>	<u>1,664</u>

The number of permanent employees (excluding Directors) was:

	2020	2019
At 30 September	80	45
Monthly average for the year	61	32

Freertrade Limited

Notes to the Financial Statements

6 Tax on loss on ordinary activities

	2020 £'000	2019 £'000
Current tax:		
- Current tax on profits for the year	(557)	(411)
- Adjustments in respect of prior years	-	(3)
Total current tax expense/(credit)	(557)	(414)
Deferred tax:		
Deferred tax on profits for the year	-	-
Adjustments in respect of prior years	-	-
Total deferred tax expense/(credit)	-	-
Income tax expense/(credit)	(557)	(414)

The tax on the company's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the entity as follows:

	2020 £'000	2019 £'000
Profit/(Loss) before Tax	(8,395)	(3,884)
Tax calculated at domestic tax rate applicable to profits (19%)	(1,595)	(738)
Tax effects of:		
- Prior Year adjustment	-	(3)
- Expenses not deductible for tax purposes	51	173
- Share based payments	149	565
- Deferred tax not recognised	1,395	-
- R&D tax credit	(557)	(411)
Total tax credit	(557)	(414)

No income tax was charged to other comprehensive income during the year.

	2020 £'000	2019 £'000
Corporation Tax Debtor/(Creditor)	557	411
Deferred Tax Debtor/(Creditor)	0	0

Unused tax losses and other temporary differences for which no deferred tax asset has been recognised amounts to £11,262,000 (2019: £4,348,000).

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Notes to the Financial Statements

7 Property, plant and equipment

	Computer equipment £'000	Office equipment £'000	Total £'000
Cost			
At 1 October 2019	115	24	139
Additions	88	14	102
Disposals	-	-	-
At 30 September 2020	203	38	241
Accumulated depreciation			
At 1 October 2019	53	10	63
Charge for year	68	16	84
Disposals	-	-	-
At 30 September 2020	121	26	147
Cost			
At 1 October 2018	42	11	53
Additions	78	15	93
Disposals	(5)	(2)	(7)
At 30 September 2019	115	24	139
Accumulated depreciation			
At 1 October 2018	12	2	14
Charge for year	45	9	54
Disposals	(4)	(1)	(5)
At 30 September 2019	53	10	63
Net book value			
At 30 September 2020	82	12	94
At 30 September 2019	62	14	76

8 Intangible assets

	Software £'000	Other £'000	Total £'000
Cost			
At 1 October 2019	986	5	991
Additions	1,669	-	1,669
Disposals	-	-	-
At 30 September 2020	2,655	5	2,660
Accumulated amortisation			
At 1 October 2019	163	-	163
Charge for year	592	-	592
Disposals	-	-	-
At 30 September 2020	755	-	755
Cost			
At 1 October 2018	88	5	93
Additions	898	-	898
Disposals	-	-	-
At 30 September 2019	986	5	991
Accumulated amortisation			
At 1 October 2018	-	-	-
Charge for year	163	-	163
Disposals	-	-	-
At 30 September 2019	163	-	163
Net book value			
At 30 September 2020	1,900	5	1,905
At 30 September 2019	823	5	828

9 Investment in subsidiary

The Company has direct interests in the following subsidiaries at 30 September 2020:

Name	Principal activities	Interest held	Country of incorporation	Registered address
Fretrade Nominees Limited	Domant	100%	England & Wales	68 Hanbury St, London, E1 5JL
Fretrade Loves Europe Limited	Domant	100%	Ireland	18-19 College Green, Dublin 2

Freetrade Limited

Notes to the Financial Statements

10 Trade and other receivables

	2020	2019
	£'000	£'000
Trade receivables	40	-
Pre payments and accrued income	409	225
Corporation tax debtor	557	411
Other receivables	2,312	211
	<u>3,318</u>	<u>847</u>

11 Cash and cash equivalents

All cash and cash equivalents are held as cash at bank.

12 Trade and other payables

	2020	2019
	£'000	£'000
Trade creditor	421	42
Credit cards	37	51
Other taxes and social security	-	57
Accruals and provisions	965	117
Other creditors	38	30
	<u>1,461</u>	<u>297</u>

13 Called up share capital

	2020	2019
	£'000	£'000
Allotted, called up and fully paid		
23,055,383 (2019 - 23,093,767) A Ordinary shares of £0.0000001 each	-	-
6,276,124 (2019 - nil) Series A shares of £0.0000001 each	-	-
25,267,169 (2019 - 22,364,395) B Investment shares of £0.0000001 each	-	-
	<u>-</u>	<u>-</u>

During the year 6,276,124 (2019 - nil) Series A shares having an aggregate nominal value of £0.63 (2019 - £nil) were allotted for an aggregate consideration of £6,000,000 (2019 - £5,721,000).

During the year 2,864,390 (2019 - 6,257,605) B Investment shares having an aggregate nominal value of £0.29 (2019 - £0.62) were allotted for an aggregate consideration of £6,846,000 (2019 - £5,721,000).

Transaction costs of £303,000 (2019: £164,000) were incurred in issuing the share capital, which has been deducted from share premium.

During the year 38,384 (2019 - 9,234,410) A Ordinary shares having an aggregate nominal value of £0.00 (2019 - £0.92) were converted to B Investment shares.

Freertrade Limited

Notes to the Financial Statements

14 Share based payments

Share options are granted to directors and employees, and are conditional on the employee completing three to five years' service (the vesting period). Options vest monthly on a straight-line basis throughout the vesting period, although in some cases the vesting schedule may include an initial "cliff" period during which no options vest.

Movements in the number of share options outstanding, and their related weighted average exercise price, are as follows:

	2020		2019	
	Average exercise price	Options ('000)	Average exercise price	Options ('000)
At 1 October	0.033	2,199	0.029	1,951
Granted	0.014	4,247	0.039	852
Exercised	0.039	(114)	-	-
Forfeited	0.037	(215)	0.031	(604)
Lapsed	0.039	(89)	-	-
At 30 September	0.019	6,028	0.032	2,199

Share options outstanding at the end of the year have the following expiry date and exercise price:

Grant – Vesting	Exercise price	Share options ('000)	
		2020	2019
2017 - 2020	0.016	354	354
2018 - 2022	0.016	212	256
2018 - 2022	0.039	516	630
2018 - 2023	0.039	213	213
2019 – 2023	0.039	406	746
2020 - 2024	0.014	4,327	-
		6,028	2,199

15 Cash used in operations

	Note	2020	2019
		£'000	£'000
Loss before income tax		(8,395)	(3,884)
Adjustments for:			
- Depreciation and amortisation	7,8	676	217
Changes in working capital:			
- Trade and other receivables	10	(2,325)	(342)
- Trade and other payables	12	1,164	89
Share based payment expenses	5,14	900	9
Other non-cash movements		-	2
		(7,980)	(3,909)

16 Related party transactions

a) Directors' emoluments

Directors' emoluments for the year included in staff costs are as follows:

	2020	2019
	£'000	£'000
Short-term employee benefits	297	234
Post-employment benefits	14	11
Other benefits	2	1
Share-based payments	415	2
Aggregate emoluments	<u>728</u>	<u>248</u>

b) Remuneration of the highest paid director

	2020	2019
	£'000	£'000
Short-term employee benefits	130	135
Post-employment benefits	6	6
Other benefits	1	1
Share-based payments	339	-
Aggregate emoluments	<u>476</u>	<u>142</u>

c) Key management compensation

Compensation for the Directors of the Company and the members of the executive team, regarded as the key personnel who have authority for planning, directing and controlling the Company, are as follows:

	2020	2019
	£'000	£'000
Short-term employee benefits	447	351
Post-employment benefits	21	16
Other benefits	3	1
Share-based payments	711	4
Aggregate emoluments	<u>1,182</u>	<u>372</u>

d) Other

During the period, the Company purchased consultancy services amounting to £19,440 (including VAT) from Blacher Limited, a company under the control of P Blacher. At balance sheet date, no amounts are due to Blacher Limited.

17 Operating lease commitments

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

	2020	2019
	£'000	£'000
No later than 1 year	543	691
Between 1 and 5 years	-	172

18 Financial risk management

The Company's activities expose it to some financial risks including liquidity risk. The Company's exposure to market risk and credit risk are considered to be immaterial as the Company is not exposed to these in the normal course of business. Financial risk management is carried out by the Finance department under policies approved by the Board of Directors.

a) *Liquidity risk*

Prudent liquidity risk management involves maintaining sufficient cash to meet ongoing operational commitments and adhere to the requirements of The Financial Services and Markets Act 2000 to maintain liquid financial assets amounting to at least three months' operating costs and a risk calculated buffer. Management monitors rolling forecasts of the company's liquidity reserve on the basis of expected cash flows.

b) *Capital risk management*

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to the shareholders and benefits for other stakeholders.

The Company is regulated by the FCA and is required to hold sufficient capital to operate the business under certain risk scenarios. The capital requirement is monitored on an ongoing basis and the Company exceeded this capital requirement throughout the year.

19 Control

In the opinion of the directors, no one party has controlling interest.