

Registered number: 02590367

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# LIBERATOR LIMITED

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## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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**LIBERATOR LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

Mrs M E Broehl  
Mr I C Thompson  
Mr D Moffatt

**COMPANY SECRETARY**

Mrs M E Broehl

**REGISTERED NUMBER**

02590367

**REGISTERED OFFICE**

Whitegates  
25-27 High Street  
Swinstead  
Grantham  
Lincolnshire  
NG33 4PA

**INDEPENDENT AUDITORS**

Peters Elworthy & Moore  
Chartered Accountants & Statutory Auditors  
Salisbury House  
Station Road  
Cambridge  
CB1 2LA

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**LIBERATOR LIMITED**

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## **LIBERATOR LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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#### **INTRODUCTION**

The directors present their strategic report and business review, which includes the principal risks and uncertainties of the business and key performance indicators.

#### **BUSINESS REVIEW**

Liberator Limited provide Augmentative and Alternative Communication (AAC) products and services directly to customers in the UK and Ireland and also globally through subsidiary companies in Germany (Prentke Romich GmbH) and Australia (Liberator Pty Ltd). Elsewhere we work with a network of regional distributors.

Following a record breaking year ending 30.09.16 our expectations for 30.09.17 whilst challenging, were realistic. I am delighted to report that we exceeded our targets for the financial year in all key measures. Whilst sales declined by 16.5% on the previous year, due to improved gross margins our operating profit grew by 23.4% compared to the prior year on a like-for-like basis.

Sales growth was very strong in our UK/Ireland markets with Liberator Ltd achieving \$5.5m of sales, a 5.8% increase on budget. Australia also had a fantastic year with sales of \$1.8m which just exceeded the previous year and sets another record for the region. Our German subsidiary also delivered sales of \$5.5m which was 5% below last year but improved margins ensured operating profits exceeded the prior year by 4.9%.

Product funding continued to show signs of improvement which undoubtedly assisted growth, however it was the excellent service and support that our business provided, coupled with a wider product range and a broader market that were the main drivers for this success.

Consolidated operating profit of \$877K was 23% ahead of our budget and just 1.9% (on a like-for-like basis) below the previous year. Liberator Ltd operating profit of \$429K was 161% up on budget and 23% ahead of last year (on a like-for-like basis).

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

Liberator Ltd purchase a significant proportion of products for resell in US Dollars. Continued deterioration of GBP will erode margins and any necessary price rises could impact demand. Brexit brings new uncertainties as we have active business relationships in EU markets. However we do have a subsidiary company based in Germany so options exist if trade relationships deteriorate. NHS funding continues to remain a major risk and uncertainty. Funding has improved in recent times however pressure remains on all NHS departments to reduce expenditure.

#### **FINANCIAL KEY PERFORMANCE INDICATORS**

- Sales Growth – (16.6)% (FY17); 24.7% (FY16)
- Gross Margin % – 28.5% (FY17); 23.5% (FY16)
- Operating Profit % Sales – 7.8% (FY17); 5.6% (FY16)

#### **OTHER KEY PERFORMANCE INDICATORS**

- New opportunities added/won
- Number of repairs/tickets
- Staff/other costs as a % of sales

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**LIBERATOR LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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

A handwritten signature in black ink, appearing to be 'I C Thompson', with a stylized flourish at the end.

**Mr I C Thompson  
Director**

Date: 27 November 2017

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## **LIBERATOR LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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The directors present their report and the financial statements for the year ended 30 September 2017.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to US\$346,680 (2016 - US\$288,998).

No dividends have been recommended or paid in the current period (2016 - nil). No dividends have been declared subsequent to the year end.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Company during the period was to provide Augmentative and Alternative Communication (AAC) products and services in the UK and Ireland.

#### **DIRECTORS**

The directors who served during the year were:

Mrs M E Broehl  
Mr I C Thompson  
Mr D Moffatt

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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**LIBERATOR LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

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

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

**FUTURE DEVELOPMENTS**

In 2018 Liberator Ltd will continue to provide a wide range of industry leading AAC products that are well regarded for their durability, unrivalled support and the effective outcomes they deliver for our clients. We therefore expect another productive and exciting year as we build upon the solid progress we continue to make in all of our markets.

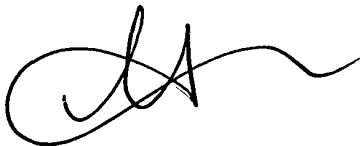
**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company since the year end.

**AUDITORS**

The auditors, Peters Elworthy & Moore, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



**Mr I C Thompson**  
**Director**

Date: 27 November 2017

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## **LIBERATOR LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIBERATOR LIMITED**

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#### **OPINION**

We have audited the financial statements of Liberator Limited for the year ended 30 September 2017, set out on pages 8 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **BASIS FOR OPINION**

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

#### **CONCLUSIONS RELATING TO GOING CONCERN**

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

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

#### **OTHER INFORMATION**

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



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## **LIBERATOR LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIBERATOR LIMITED (CONTINUED)**

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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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

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

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

#### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

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## LIBERATOR LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIBERATOR LIMITED (CONTINUED)

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#### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our auditors' report.

Warren Tilbury (senior statutory auditor)

for and on behalf of

**Peters Elworthy & Moore**

Chartered Accountants  
Statutory Auditors

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

27 November 2017

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LIBERATOR LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2017

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	Note	2017 US\$	2016 US\$
Turnover	4	5,531,132	6,630,983
Cost of sales		(3,956,593)	(4,605,545)
<b>Gross profit</b>		<b>1,574,539</b>	<b>2,025,438</b>
Administrative expenses		(1,145,442)	(1,677,677)
<b>Operating profit</b>	5	<b>429,097</b>	<b>347,761</b>
Interest receivable and similar income	9	4,379	3,844
<b>Profit before tax</b>		<b>433,476</b>	<b>351,605</b>
Tax on profit	10	(86,796)	(62,607)
<b>Profit for the financial year</b>		<b>346,680</b>	<b>288,998</b>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016 - US\$NIL).

The notes on pages 11 to 25 form part of these financial statements.

**LIBERATOR LIMITED**  
**REGISTERED NUMBER: 02590367**

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2017**

	Note	2017 US\$	2016 US\$
<b>Fixed assets</b>			
Tangible assets	11	227,503	251,738
Investments	12	63,633	63,633
		<u>291,136</u>	<u>315,371</u>
<b>Current assets</b>			
Stocks	13	418,075	471,099
Debtors: amounts falling due within one year	14	452,784	621,632
Cash at bank and in hand	15	1,963,626	1,605,557
		<u>2,834,485</u>	<u>2,698,288</u>
Creditors: amounts falling due within one year	16	(640,602)	(843,907)
<b>Net current assets</b>		<u>2,193,883</u>	<u>1,854,381</u>
<b>Total assets less current liabilities</b>		<u>2,485,019</u>	<u>2,169,752</u>
Creditors: amounts falling due after more than one year	17	(62,800)	(97,890)
<b>Provisions for liabilities</b>			
Deferred tax	18	(29,643)	(25,966)
		<u>(29,643)</u>	<u>(25,966)</u>
<b>Net assets</b>		<u><u>2,392,576</u></u>	<u><u>2,045,896</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	139,920	139,920
Profit and loss account	21	2,252,656	1,905,976
		<u>2,392,576</u>	<u>2,045,896</u>

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



**Mr I C Thompson**  
**Director**

Date: 27 November 2017

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**LIBERATOR LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
At 1 October 2016	139,920	1,905,976	2,045,896
<b>Comprehensive income for the year</b>			
Profit for the year	-	346,680	346,680
<b>At 30 September 2017</b>	<u>139,920</u>	<u>2,252,656</u>	<u>2,392,576</u>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
At 1 October 2015	139,920	1,616,978	1,756,898
<b>Comprehensive income for the year</b>			
Profit for the year	-	288,998	288,998
<b>At 30 September 2016</b>	<u>139,920</u>	<u>1,905,976</u>	<u>2,045,896</u>

The notes on pages 11 to 25 form part of these financial statements.

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## **LIBERATOR LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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#### **1. GENERAL INFORMATION**

Liberator Limited is a private limited company incorporated in England. The Company's registered office is disclosed on the company information page.

#### **2. ACCOUNTING POLICIES**

##### **2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

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

The following principal accounting policies have been applied:

##### **2.2 REVENUE**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

###### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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## LIBERATOR LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant & machinery	- Straight line over 3 to 5 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

### 2.4 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

### 2.5 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in statement of comprehensive income.

### 2.6 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.7 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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## LIBERATOR LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.8 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

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

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

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

### 2.9 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.



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## **LIBERATOR LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.10 FOREIGN CURRENCY TRANSLATION**

#### **Functional and presentation currency**

The Company's functional and presentational currency is USD.

#### **Transactions and balances**

Foreign currency translations are translated into the functional currency using the budgeted exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

### **2.11 DIVIDENDS**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

### **2.12 OPERATING LEASES: THE COMPANY AS LESSEE**

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

### **2.13 PENSIONS**

#### **DEFINED CONTRIBUTION PENSION PLAN**

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

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

### **2.14 INTEREST INCOME**

Interest income is recognised in the statement of comprehensive income using the effective interest method.

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## LIBERATOR LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.15 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

### 2.16 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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## LIBERATOR LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

##### **Warranty provision**

An estimate is made for future costs to be incurred on previously sold goods where an item may need to be repaired or replaced under the warranty period. In making this assessment management take into consideration historical data of defect rates of different devices and average cost of repairing or replacing the item.

##### **Stock provision**

An allowance for obsolete stock is maintained based upon management's assessment of the expected sales of stock items. The stock provision is reviewed periodically to assess the adequacy of the provision. In making these assessments, management takes into consideration stock holding periods, estimated future sales, selling prices and selling costs. Where an item is held at more than the recoverable amount a provision is recorded to impair the stock item accordingly.

##### **Useful economic lives of tangible assets**

An estimate is made for the useful lives and residual values of tangible assets based on industry knowledge and historical useful lives of previously owned assets. In making this assessment, management have taken into consideration the industry conditions (including technological advancements), the expected use period and the resale market for second hand assets.

##### **Debtors**

An allowance for doubtful debtor balances is maintained for potential credit losses based upon management's assessment of the expected collectability of all accounts receivable. The allowance for doubtful debtor balances is reviewed periodically to assess the adequacy of the provision. In making this assessment, management takes into consideration any circumstances of which they are aware regarding a customer's inability to meet its financial obligations.

#### 4. TURNOVER

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

	2017 US\$	2016 US\$
United Kingdom	2,912,232	3,643,183
Rest of Europe	1,781,400	2,145,700
Rest of the world	837,500	842,100
	<u>5,531,132</u>	<u>6,630,983</u>

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**LIBERATOR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**5. OPERATING PROFIT**

The operating profit is stated after charging:

	<b>2017 US\$</b>	<b>2016 US\$</b>
Depreciation of tangible fixed assets	<b>118,013</b>	113,868
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<b>11,712</b>	13,780
Exchange differences	<b>(68,506)</b>	275,403
Other operating lease rentals	<b>42,111</b>	48,676
Defined contribution pension cost	<b>56,408</b>	84,667

**6. AUDITORS' REMUNERATION**

	<b>2017 US\$</b>	<b>2016 US\$</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<b>11,712</b>	13,780

**FEES PAYABLE TO THE COMPANY'S AUDITOR AND ITS  
ASSOCIATES IN RESPECT OF:**

Accounts preparation services	<b>4,116</b>	4,858
Taxation compliance services	<b>3,235</b>	3,787
	<b>7,351</b>	8,645

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**LIBERATOR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**7. EMPLOYEES**

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

	<b>2017 US\$</b>	2016 US\$
Wages and salaries	<b>677,330</b>	803,269
Social security costs	<b>75,551</b>	89,351
Cost of defined contribution scheme	<b>56,408</b>	84,667
	<b>809,289</b>	977,287

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

	<b>2017 No.</b>	2016 No.
Administration and sales	<b>15</b>	15

**8. DIRECTORS' REMUNERATION**

	<b>2017 US\$</b>	2016 US\$
Directors' emoluments	<b>182,290</b>	211,241
Company contributions to defined contribution pension schemes	<b>27,101</b>	54,992
	<b>209,391</b>	266,233

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

**9. INTEREST RECEIVABLE**

	<b>2017 US\$</b>	2016 US\$
Other interest receivable	<b>4,379</b>	3,844
	<b>4,379</b>	3,844

**LIBERATOR LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**10. TAXATION**

	<b>2017 US\$</b>	<b>2016 US\$</b>
<b>CORPORATION TAX</b>		
Current tax on profits for the year	<b>85,624</b>	34,912
Adjustments in respect of previous periods	<b>(2,505)</b>	-
	<b>83,119</b>	34,912
<b>TOTAL CURRENT TAX</b>	<b>83,119</b>	34,912
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	<b>3,677</b>	27,695
<b>TOTAL DEFERRED TAX</b>	<b>3,677</b>	27,695
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>86,796</b>	62,607

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 19.50% (2016 - 20%). The differences are explained below:

	<b>2017 US\$</b>	<b>2016 US\$</b>
Profit on ordinary activities before tax	<b>433,476</b>	351,605
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.50% (2016 - 20%)	<b>84,528</b>	70,321
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>34</b>	52
Fixed asset differences	<b>561</b>	576
Current tax exchange difference arising on movement between opening and closing spot rates	<b>4,726</b>	(3,430)
Changes in deferred tax rates	<b>(3,053)</b>	(4,582)
Deferred tax not recognised	-	(330)
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>86,796</b>	62,607

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**LIBERATOR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**11. TANGIBLE FIXED ASSETS**

	<b>Plant &amp; machinery US\$</b>
<b>COST OR VALUATION</b>	
At 1 October 2016	<b>689,820</b>
Additions	<b>126,996</b>
Disposals	<b>(71,726)</b>
At 30 September 2017	<b>745,090</b>
<b>DEPRECIATION</b>	
At 1 October 2016	<b>438,082</b>
Charge for the year on owned assets	<b>118,013</b>
Disposals	<b>(38,508)</b>
At 30 September 2017	<b>517,587</b>
<b>NET BOOK VALUE</b>	
At 30 September 2017	<b>227,503</b>
At 30 September 2016	<b>251,738</b>

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**LIBERATOR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**12. FIXED ASSET INVESTMENTS**

	<b>Investments in subsidiary companies US\$</b>
<b>COST OR VALUATION</b>	
At 1 October 2016	<b>63,633</b>
At 30 September 2017	<b>63,633</b>
<b>NET BOOK VALUE</b>	
At 30 September 2017	<b>63,633</b>
At 30 September 2016	<b>63,633</b>

**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Prentke Romich GmbH	Ordinary	100 %	Distributor of communication aids
Liberator Pty Limited	Ordinary	100 %	Distributor of communication aids

<b>Name</b>	<b>Registered office</b>
Prentke Romich GmbH	GoethestraÙe 31, 34119 Kassel, Germany
Liberator Pty Limited	265 Gilbert Street, Adelaide, SA 5000

The aggregate of the share capital and reserves as at 30 September 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	<b>Aggregate of share capital and reserves US\$</b>	<b>Profit/(loss) US\$</b>
Prentke Romich GmbH	<b>3,481,100</b>	<b>300,627</b>
Liberator Pty Limited	<b>922,700</b>	<b>245,544</b>
	<b>4,403,800</b>	<b>546,171</b>



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**LIBERATOR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**13. STOCKS**

	<b>2017 US\$</b>	<b>2016 US\$</b>
Finished goods and goods for resale	<b>418,075</b>	471,099
	<b>418,075</b>	<b>471,099</b>

**14. DEBTORS**

	<b>2017 US\$</b>	<b>2016 US\$</b>
Trade debtors	<b>270,839</b>	365,695
Amounts owed by group undertakings	<b>143,161</b>	223,849
Other debtors	<b>12,172</b>	2,736
Prepayments and accrued income	<b>26,612</b>	29,352
	<b>452,784</b>	<b>621,632</b>

**15. CASH AND CASH EQUIVALENTS**

	<b>2017 US\$</b>	<b>2016 US\$</b>
Cash at bank and in hand	<b>1,963,626</b>	1,605,557
	<b>1,963,626</b>	<b>1,605,557</b>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2017 US\$</b>	<b>2016 US\$</b>
Trade creditors	<b>62,750</b>	115,600
Amounts owed to group undertakings	<b>235,237</b>	439,232
Corporation tax	<b>85,624</b>	21,460
Other taxation and social security	<b>32,778</b>	18,537
Other creditors	<b>68,104</b>	132,578
Accruals and deferred income	<b>156,109</b>	116,500
	<b>640,602</b>	<b>843,907</b>

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LIBERATOR LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017

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17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 US\$	2016 US\$
Accruals and deferred income	62,800	97,890
	<u>62,800</u>	<u>97,890</u>

18. DEFERRED TAXATION

	2017 US\$	2016 US\$
At beginning of year	(25,966)	1,729
Charged to profit or loss	(3,677)	(27,695)
<b>AT END OF YEAR</b>	<u><b>(29,643)</b></u>	<u><b>(25,966)</b></u>

The provision for deferred taxation is made up as follows:

	2017 US\$	2016 US\$
Accelerated capital allowances	(29,985)	(26,883)
Other short term timing differences	342	917
	<u><b>(29,643)</b></u>	<u><b>(25,966)</b></u>

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**LIBERATOR LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**19. FINANCIAL INSTRUMENTS**

	<b>2017 US\$</b>	<b>2016 US\$</b>
<b>FINANCIAL ASSETS</b>		
Financial assets measured at fair value through profit or loss	<b>1,963,626</b>	1,605,557
Financial assets that are debt instruments measured at amortised cost	<b>426,172</b>	592,281
	<b><u>2,389,798</u></b>	<b><u>2,197,838</u></b>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	<b>(582,490)</b>	(895,303)
	<b><u>(582,490)</u></b>	<b><u>(895,303)</u></b>

Financial assets measured at fair value through profit or loss comprise of cash held by the company.

Financial assets measured at amortised cost comprise of trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, accruals, amounts owed to group undertakings and other creditors (excluding amounts owed to employees).

**20. SHARE CAPITAL**

	<b>2017 US\$</b>	<b>2016 US\$</b>
<b>SHARES CLASSIFIED AS EQUITY</b>		
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
80,000 ordinary shares of £1 each	<b>139,920</b>	139,920
	<b><u>139,920</u></b>	<b><u>139,920</u></b>

Share capital has been translated at the historic rate when issued at a rate of £1 = US\$1.749.

**21. RESERVES****Profit & loss account**

This reserve includes all current and prior period retained profits and losses.

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## LIBERATOR LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

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#### 22. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the company to the fund and amounted to US\$56,408 (2016 - US\$84,667). Contributions totalling US\$2,510 (2016 - US\$6,498) were payable to the fund at the balance sheet date and are included in creditors.

#### 23. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 US\$	2016 US\$
Not later than 1 year	19,487	25,511
Later than 1 year and not later than 5 years	-	23,385
<b>Land and Buildings</b>	<b>19,487</b>	<b>48,896</b>
	2017 US\$	2016 US\$
Not later than 1 year	15,025	23,644
Later than 1 year and not later than 5 years	15,520	23,098
<b>Other</b>	<b>30,545</b>	<b>46,742</b>

#### 24. RELATED PARTY TRANSACTIONS

The parent company, Prentke Romich Co, prepares consolidated group accounts and accordingly, the company has taken advantage of the exemptions contained within FRS 102 paragraph 33.1A not to disclose transactions with group undertakings.

#### 25. CONTROLLING PARTY

The parent company of the largest and smallest group of undertakings for which group financial statements are prepared and of which the company is a member is Prentke Romich Co., a company registered in the United States of America. Copies of the accounts of Prentke Romich Co. can be obtained from 1022 Heyl Road, Wooster, Ohio 44691, U.S.A.

In the director's opinion, there is no one ultimate controlling party.