
LIBERATOR LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015



LIBERATOR LIMITED

COMPANY INFORMATION

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

LIBERATOR LIMITED

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LIBERATOR LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2015

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 in the UK and Ireland. We also have a global presence through our subsidiary companies in Germany (Prentke Romich GmbH) and Australia (Liberator Pty Ltd) as well as a network of distributors serving other countries.

The last financial year was another good year for Liberator Ltd and its' subsidiary companies with consolidated sales rising 8% to \$11.6m.

Sales growth was strong in all our regions due to an improved funding climate, the launch of attractive new Accent and NOVA chat AAC devices and a growing appreciation for the quality of service and support we deliver. In addition new markets were opened. In the UK and Australia we launched an affordable iPad app specifically created for the ASD population (LAMP Words for Life) which has had broad appeal due to effectiveness, the iPad platform and the competitive price. In addition we also launched the Liberator Rugged 7 to cater for clients requiring a communication solution with extreme durability.

Consolidated operating profit of \$1.4m was 58% ahead of our budget expectations but unfortunately was dented by significant exchange losses (\$273K) as all business units had to deal with the deterioration of GBP, EUR and AUD against USD.

In 2016 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 expect another exciting year as we launch further new products and services including easyChat, an effective vocabulary solution with intuitive 'ease-of-use' features and market leading computer access methods. We also expect the improved funding climate to continue as increasing numbers of NHS funded 'Hub' AAC Service and Assessment centres become fully operational.

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



Mr I C Thompson
Director

Date: 25 / 11 / 2015

LIBERATOR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2015

The directors present their report and the audited financial statements for the year ended 30 September 2015.

DIRECTORS

The directors who served during the year were:

Mrs M E Broehl
Mr I C Thompson
Mr D Moffatt

RESULTS

The profit for the year, after taxation, amounted to US\$478,058 (2014 - loss US\$41,248).

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 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.

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 that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that 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.

LIBERATOR LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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



**Mr I C Thompson
Director**

Date: 25/11/2015

LIBERATOR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIBERATOR LIMITED

We have audited the financial statements of Liberator Limited for the year ended 30 September 2015, set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2015 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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.

LIBERATOR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIBERATOR LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where 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.

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 2015

LIBERATOR LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	Note	2015 US\$	2014 US\$
TURNOVER	1, 2	5,319,407	5,071,792
Cost of sales		<u>(3,672,341)</u>	<u>(3,671,444)</u>
GROSS PROFIT		1,647,066	1,400,348
Administrative expenses		<u>(1,597,501)</u>	<u>(1,452,421)</u>
OPERATING PROFIT/(LOSS)	3	49,565	(52,073)
Income from other fixed asset investments		437,783	-
Interest receivable and similar income		<u>3,596</u>	<u>6,049</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		490,944	(46,024)
Tax on profit/(loss) on ordinary activities	6	<u>(12,886)</u>	<u>4,776</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	16	<u>478,058</u>	<u>(41,248)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the profit and loss account.

The notes on pages 8 to 16 form part of these financial statements.

LIBERATOR LIMITED
REGISTERED NUMBER: 02590367

BALANCE SHEET
AS AT 30 SEPTEMBER 2015

	Note	US\$	2015 US\$	US\$	2014 US\$
FIXED ASSETS					
Tangible assets	7		258,788		227,866
Investments	8		63,633		184,522
			<u>322,421</u>		<u>412,388</u>
CURRENT ASSETS					
Stocks	10	421,680		455,422	
Debtors	11	638,060		615,056	
Cash at bank and in hand		1,276,195		2,072,423	
		<u>2,335,935</u>		<u>3,142,901</u>	
CREDITORS: amounts falling due within one year	12	(772,547)		(1,089,804)	
NET CURRENT ASSETS			<u>1,563,388</u>		<u>2,053,097</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,885,809</u>		<u>2,465,485</u>
CREDITORS: amounts falling due after more than one year	13		(128,911)		(186,645)
NET ASSETS			<u><u>1,756,898</u></u>		<u><u>2,278,840</u></u>
CAPITAL AND RESERVES					
Called up share capital	15		139,920		139,920
Profit and loss account	16		1,616,978		2,138,920
SHAREHOLDERS' FUNDS	17		<u><u>1,756,898</u></u>		<u><u>2,278,840</u></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: 25/11/2015

The notes on pages 8 to 16 form part of these financial statements.

LIBERATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 CASH FLOW

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue from warranty agreements is recognised as the company earns the right to consideration as it performs its obligations under the terms of those contracts.

1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	- 20% to 33% per annum straight line
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1.5 INVESTMENTS

Investments held as fixed assets are shown at cost less provision for impairment.

1.6 OPERATING LEASES

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

1.7 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

LIBERATOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

1. ACCOUNTING POLICIES (continued)

1.8 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.10 SHARE CAPITAL

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

1.11 FUNCTIONAL CURRENCY

The company acts as a distribution agent for its US parent undertaking and, as such, the majority of its transactions are denominated in US dollars (US\$). The financial statements have therefore been prepared in US\$, the company's functional currency. Monetary assets and liabilities denominated in any currency other than US\$ have been translated at the market exchange rate prevailing at the balance sheet date.

Transactions in foreign currencies are translated into US\$ at the rate ruling on the date of the transactions.

Exchange gains and losses are recognised in the profit and loss account.

2. TURNOVER

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

A geographical analysis of turnover is as follows:

	2015 US\$	2014 US\$
United Kingdom	2,474,907	1,902,592
Rest of European Union	2,100,300	2,382,100
Rest of world	744,200	787,100
	<u>5,319,407</u>	<u>5,071,792</u>

LIBERATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

3. OPERATING PROFIT/(LOSS)

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

	2015 US\$	2014 US\$
Depreciation of tangible fixed assets:		
- owned by the company	104,808	79,629
Auditors' remuneration	24,466	21,750
Operating lease rentals:		
- plant and machinery	36,158	41,589
- other operating leases	29,049	26,373
Difference on foreign exchange	128,328	(4,047)
	<u>128,328</u>	<u>(4,047)</u>

4. STAFF COSTS

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

	2015 US\$	2014 US\$
Wages and salaries	838,117	716,323
Social security costs	92,471	82,258
Other pension costs	70,967	237,962
	<u>1,001,555</u>	<u>1,036,543</u>

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

	2015 No.	2014 No.
Administration and sales	14	12
	<u>14</u>	<u>12</u>

5. DIRECTORS' REMUNERATION

	2015 US\$	2014 US\$
Remuneration	268,949	224,123
	<u>268,949</u>	<u>224,123</u>
Company pension contributions to defined contribution pension schemes	44,246	215,696
	<u>44,246</u>	<u>215,696</u>

During the year retirement benefits were accruing to 1 director (2014 - 1) in respect of defined contribution pension schemes.

LIBERATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

5. DIRECTORS' REMUNERATION (continued)

The highest paid director received remuneration of US\$268,949 (2014 - US\$224,123).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to US\$44,246 (2014 - US\$215,696).

6. TAXATION

	2015 US\$	2014 US\$
ANALYSIS OF TAX (CREDIT)/CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax (credit)/charge on profit/loss for the year	(13,451)	15,579
DEFERRED TAX (see note 14)		
Origination and reversal of timing differences	26,337	(20,355)
TAX ON PROFIT/LOSS ON ORDINARY ACTIVITIES	<u>12,886</u>	<u>(4,776)</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2014 - higher than) the standard rate of corporation tax in the UK of 20% (2014 - 20%). The differences are explained below:

	2015 US\$	2014 US\$
Profit/loss on ordinary activities before tax	<u>490,944</u>	<u>(46,024)</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 20%)	98,189	(9,205)
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,184	40,475
Capital allowances for year in excess of depreciation	(19,077)	(15,691)
Utilisation of tax losses	14,719	-
Adjustments to tax charge in respect of prior periods	(14,493)	-
Dividends from group companies	(87,557)	-
Unrelieved tax losses carried forward	30,687	-
Other short term differences leading to a (decrease) in the tax charge	<u>(38,103)</u>	<u>-</u>
CURRENT TAX (CREDIT)/CHARGE FOR THE YEAR (see note above)	<u>(13,451)</u>	<u>15,579</u>

LIBERATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

7. TANGIBLE FIXED ASSETS

	Plant & machinery US\$
COST	
At 1 October 2014	608,534
Additions	182,933
Disposals	(119,496)
At 30 September 2015	<u>671,971</u>
DEPRECIATION	
At 1 October 2014	380,668
Charge for the year	104,808
On disposals	(72,293)
At 30 September 2015	<u>413,183</u>
NET BOOK VALUE	
At 30 September 2015	<u><u>258,788</u></u>
At 30 September 2014	<u><u>227,866</u></u>

8. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies US\$
COST OR VALUATION	
At 1 October 2014	184,522
Disposals	(120,889)
At 30 September 2015	<u>63,633</u>
NET BOOK VALUE	
At 30 September 2015	<u><u>63,633</u></u>
At 30 September 2014	<u><u>184,522</u></u>

During the year the company received repayment of a long term loan it had advanced to a subsidiary company, which had previously been included within investments. The disposal of investments of \$120,889 reflects the value of the loan that has been repaid in the year.

LIBERATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

8. FIXED ASSET INVESTMENTS (continued)**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Prentke Romich GmbH	Ordinary	100%
Liberator Pty Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 30 September 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves US\$	Profit/(loss) US\$
Prentke Romich GmbH	3,651,600	831,890
Liberator Pty Limited	724,100	96,590

9. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Prentke Romich GmbH	Germany	100	Distributor of communication aids
Liberator Pty Limited	Australia	100	Distributor of communication aids

10. STOCKS

	2015 US\$	2014 US\$
Finished goods and goods for resale	421,680	455,422

11. DEBTORS

	2015 US\$	2014 US\$
Trade debtors	378,235	263,332
Amounts owed by group undertakings	210,458	296,721
Other debtors	14,152	12,115
Prepayments and accrued income	33,486	14,822
Deferred tax asset (see note 14)	1,729	28,066
	638,060	615,056

LIBERATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

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

	2015 US\$	2014 US\$
Trade creditors	77,101	59,803
Amounts owed to group undertakings	361,090	468,194
Corporation tax	-	15,695
Other taxation and social security	18,130	17,589
Other creditors	182,792	330,417
Accruals and deferred income	133,434	198,106
	<u>772,547</u>	<u>1,089,804</u>

**13. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2015 US\$	2014 US\$
Accruals and deferred income	<u>128,911</u>	<u>186,645</u>

14. DEFERRED TAX ASSET

	2015 US\$	2014 US\$
At beginning of year	28,066	7,711
Charged for year	(26,337)	20,355
	<u>1,729</u>	<u>28,066</u>

The deferred tax asset is made up as follows:

	2015 US\$	2014 US\$
Accelerated capital allowances	28,066	(11,773)
Short term timing differences	(26,337)	39,839
	<u>1,729</u>	<u>28,066</u>

15. SHARE CAPITAL

	2015 US\$	2014 US\$
ALLOTTED, CALLED UP AND FULLY PAID		
80,000 ordinary shares of £1 each	<u>139,920</u>	<u>139,920</u>

LIBERATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

16. RESERVES

	Profit and loss account US\$
At 1 October 2014	2,138,920
Profit for the financial year	478,058
Dividends: Equity capital	(1,000,000)
	<u>1,616,978</u>
At 30 September 2015	<u>1,616,978</u>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2015 US\$	2014 US\$
Opening shareholders' funds	2,278,840	2,320,088
Profit/(loss) for the financial year	478,058	(41,248)
Dividends (Note 18)	(1,000,000)	-
	<u>1,756,898</u>	<u>2,278,840</u>
Closing shareholders' funds	<u>1,756,898</u>	<u>2,278,840</u>

18. DIVIDENDS

	2015 US\$	2014 US\$
Dividends paid on equity capital	<u>1,000,000</u>	<u>-</u>

19. 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 charge represents contributions payable by the company to the fund and amounted to US\$70,967 (2014: US\$237,961). Contributions totalling US\$8,680 (2014: US\$4,447) were payable to the fund at the balance sheet date and are included in creditors.

LIBERATOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

20. OPERATING LEASE COMMITMENTS

At 30 September 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2015	2014	2015	2014
	US\$	US\$	US\$	US\$
EXPIRY DATE:				
Within 1 year	-	5,606	4,209	-
Between 2 and 5 years	25,511	-	11,841	27,293
	<u>25,511</u>	<u>-</u>	<u>11,841</u>	<u>27,293</u>

21. 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 FRS8 paragraph 3(c) not to disclose transactions with group undertakings.

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The parent undertaking 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 directors' opinion, there is no one ultimate controlling party.