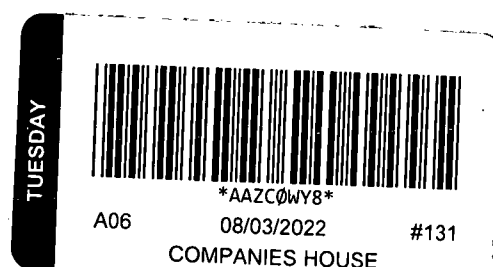


**PLATO MEDIA LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



**PLATO MEDIA LIMITED**

**COMPANY INFORMATION**

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**Directors**

Mr J R Codling  
Mr T Pilkington  
Mr B Singh

**Secretary**

Mr T Ellis

**Company number**

07933820

**Registered office**

54 Commercial Street  
London  
E1 6LT

**Auditor**

Mercer & Hole  
Batchworth House  
Batchworth Place  
Church Street  
Rickmansworth  
Hertfordshire  
WD3 1JE

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**PLATO MEDIA LIMITED**

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## **PLATO MEDIA LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their annual report and financial statements for the year ended 31 December 2020.

#### **Principal activities**

The principal activity of the company is that of developing and selling subscriptions for children's educational programmes.

#### **Results and dividends**

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors cannot recommend payment of a final dividend.

No preference dividends were paid. The directors cannot recommend payment of a final dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J R Codling

Mr T Pilkington

Mr B Singh

N Walters

(Resigned 11 August 2020)

Mr T Ellis

(Appointed 11 August 2020 and resigned 26 May 2021)

N Curran

(Resigned 17 March 2020)

M L Chojnacka

(Appointed 11 August 2020 and resigned 26 May 2021)

#### **Financial instruments**

The main financial risks faced by the company through its normal business activities relate to liquidity risk, credit risk, and market risk.

#### **Liquidity Risk**

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

#### **Credit Risk**

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade Receivables are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

#### **Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices principally comprise interest rate risk, currency risk and equity risk. Financial instruments affected by market risk include bank deposits, investments, debtors and creditors.

#### **Auditor**

Mercer & Hole were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

**PLATO MEDIA LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Statement of disclosure to auditor**

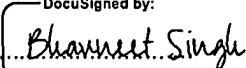
Each director in office at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

DocuSigned by:



Mr B Singh

**Director**

Date: 28/2/2022

**PLATO MEDIA LIMITED**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

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

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

## **PLATO MEDIA LIMITED**

### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE MEMBERS OF PLATO MEDIA LIMITED**

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##### **Opinion**

We have audited the financial statements of Plato Media Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020, and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Auditor's 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We 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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

## **PLATO MEDIA LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF PLATO MEDIA LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 set out on page 2, 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.

#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.



## **PLATO MEDIA LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PLATO MEDIA LIMITED**

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#### **Explanations as to what extent the audit was considered capable of detecting irregularities, including fraud**

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, the Companies Act 2006 and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure and management bias in accounting estimates.

#### **Other matters we are required to address**

In the previous accounting period the directors of the company took advantage of audit exemption under s477 of the Companies Act. Therefore the prior period financial statements were not subject to audit.

Audit procedures performed by engagement team include:

- Our responses to significant audit risks over management override of controls, which are intended to sufficiently address the risk of fraudulent manipulation. Specifically we review the manual adjustments made to the financial statements and evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures;
- Discussions with management, including considerations of known or suspected instances of noncompliance with laws and regulations or the identification of fraud;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control; and
- Evaluation of the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing noncompliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**PLATO MEDIA LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF PLATO MEDIA LIMITED**

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**Use of our report**

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Mark Cassidy*

F14F986EA4FC480

**Mark Cassidy (Senior Statutory Auditor)**  
**For and on behalf of Mercer & Hole**

Date: 1/3/2022

**Chartered Accountants**  
**Statutory Auditor**

Batchworth House  
Batchworth Place  
Church Street  
Rickmansworth  
Hertfordshire  
WD3 1JE

**PLATO MEDIA LIMITED****INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2020**

		Year ended 31 December 2020 \$	Period ended 31 December 2019 \$
	Notes		
Revenue		3,562,661	838,887
Cost of sales		(1,017,120)	(247,570)
<b>Gross profit</b>		<u>2,545,541</u>	<u>591,317</u>
Other operating income		330,891	55,467
Administrative expenses		(5,187,124)	(1,409,052)
<b>Operating loss</b>	<b>3</b>	<u>(2,310,692)</u>	<u>(762,268)</u>
Investment revenues	<b>6</b>	481	532
Finance costs	<b>7</b>	(10,609)	(26,956)
Other gains and losses	<b>8</b>	-	(119,037)
<b>Loss before taxation</b>		<u>(2,320,820)</u>	<u>(907,729)</u>
Income tax income	<b>9</b>	319,223	-
<b>Loss for the year</b>		<u><u>(2,001,597)</u></u>	<u><u>(907,729)</u></u>

**PLATO MEDIA LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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	Year ended 31 December 2020 \$	Period ended 31 December 2019 \$
<b>Loss for the year</b>	<b>(2,001,597)</b>	<b>(907,729)</b>
	<u>                    </u>	<u>                    </u>
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Currency translation differences	(1,052)	448,666
	<u>                    </u>	<u>                    </u>
<b>Total comprehensive income for the year</b>	<b>(2,002,649)</b>	<b>(459,063)</b>
	<u>                    </u>	<u>                    </u>

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**PLATO MEDIA LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

	Notes	31 December 2020 \$	31 December 2019 \$	24 October 2019 \$
<b>Non-current assets</b>				
Intangible assets	10	2,576,603	2,758,922	2,601,844
Property, plant and equipment	11	172,548	257,262	266,496
Investments	12	1,366,312	-	-
		<u>4,115,463</u>	<u>3,016,184</u>	<u>2,868,340</u>
<b>Current assets</b>				
Trade and other receivables	14	820,187	1,088,726	976,631
Cash and cash equivalents		154,715	1,227,170	5,604
		<u>974,902</u>	<u>2,315,896</u>	<u>982,235</u>
<b>Current liabilities</b>				
Trade and other payables	16	1,479,538	1,312,209	1,821,747
Current tax liabilities		20,853	-	-
Borrowings	15	6,455	-	322,252
Lease liabilities	17	83,412	75,698	74,857
Deferred revenue	18	135,123	56,019	62,053
		<u>1,725,381</u>	<u>1,443,926</u>	<u>2,280,909</u>
<b>Net current (liabilities)/ assets</b>		<u>(750,479)</u>	<u>871,970</u>	<u>1,298,674</u>
<b>Non-current liabilities</b>				
Trade and other payables	16	129,718	-	-
Borrowings	15	61,861	-	-
Convertible loan notes		-	-	3,767,967
Lease liabilities	17	89,251	167,663	175,151
		<u>280,830</u>	<u>167,663</u>	<u>3,943,118</u>
<b>Net assets</b>		<u>3,084,154</u>	<u>3,720,491</u>	<u>2,373,452</u>
<b>Equity</b>				
Called up share capital	21	687,607	687,607	58,256
Share premium account	22	20,994,798	20,994,798	14,606,812
Equity reserve	23	1,366,312	-	169,553
Retained earnings		(19,964,563)	(17,961,914)	(17,208,073)
<b>Total equity</b>		<u>3,084,154</u>	<u>3,720,491</u>	<u>2,373,452</u>

**PLATO MEDIA LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

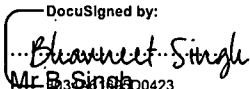
**AS AT 31 DECEMBER 2020**

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These financial statements have been prepared and delivered in accordance with the provisions applicable to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 28/2/2022 and are signed on its behalf by:

DocuSigned by:



Mr B Singh

Director

**Company Registration No. 07933820**

**PLATO MEDIA LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	Share capital \$	Share premium account \$	Equity reserve \$	Retained earnings \$	Total \$
<b>As restated for the period ended 31 December 2019:</b>						
<b>Balance at 24 October 2019</b>		58,256	14,606,812	169,553	(17,486,263)	(2,651,642)
Transition adjustments		-	-	-	(16,588)	(16,588)
Currency translation differences		-	-	-	294,778	294,778
<b>As restated</b>		58,256	14,606,812	169,553	(17,208,073)	(2,373,452)
<b>Period ended 31 December 2019:</b>						
Loss for the period		-	-	-	(907,729)	(907,729)
Other comprehensive income:						
Currency translation differences		-	-	-	153,888	153,888
Total comprehensive income for the period		-	-	-	(753,841)	(753,841)
Issue of share capital	21	650,512	6,387,986	-	-	7,038,498
Conversion of loan	21	-	-	(169,553)	-	(169,553)
Redemption of shares	21	(21,161)	-	-	-	(21,161)
<b>Balance at 31 December 2019</b>		687,607	20,994,798	-	(17,961,914)	3,720,491
<b>Period ended 31 December 2020:</b>						
Loss for the period		-	-	-	(2,001,597)	(2,001,597)
Other comprehensive income:						
Currency translation differences		-	-	-	(1,052)	(1,052)
Total comprehensive income for the year		-	-	-	(2,002,649)	(2,002,649)
Issue of convertible loan		-	-	1,366,312	-	1,366,312
<b>Balance at 31 December 2020</b>		687,607	20,994,798	1,366,312	(19,964,563)	3,084,154

**PLATO MEDIA LIMITED****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 \$	\$	2019 \$	\$
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	25	(761,280)		(5,137,192)	
Interest paid		(10,609)		(26,956)	
Tax refunded/(paid)		340,076		-	
<b>Net cash outflow from operating activities</b>		(431,813)		(5,164,148)	
<b>Investing activities</b>					
Purchase of intangible assets		(727,827)		(286,892)	
Proceeds on disposal of intangibles		97,044		-	
Purchase of property, plant and equipment		(6,906)		(699)	
Purchase of subsidiaries		(1,366,312)		-	
Interest received		481		532	
<b>Net cash used in investing activities</b>		(2,003,520)		(287,059)	
<b>Financing activities</b>					
Proceeds from issue of shares		-		6,868,945	
Redemption of shares		(1,052)		(21,161)	
Issue of convertible loans		1,366,312		-	
Repayment of borrowings		1,052		(322,252)	
Proceeds of new bank loans		68,316		-	
Payment of lease liabilities		(70,698)		(6,647)	
<b>Net cash generated from financing activities</b>		1,363,930		6,518,885	
<b>Net (decrease)/increase in cash and cash equivalents</b>		(1,071,403)		1,067,678	
Cash and cash equivalents at beginning of year		1,227,170		5,604	
Effect of foreign exchange rates		(1,052)		153,888	
<b>Cash and cash equivalents at end of year</b>		<u>154,715</u>		<u>1,227,170</u>	



## PLATO MEDIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

##### Company information

Plato Media Limited is a private company limited by shares incorporated in England and Wales. The registered office is 54 Commercial Street, London, United Kingdom E1 6LT. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated. This is different from the previous reporting period which was reporting under FRS102. The effect of this transition is shown throughout the accounts.

The financial statements are prepared in United States Dollars (\$), which is different from the functional currency of the company which operates in Sterling. Preparation in United States Dollars is also a different currency to which the financial statements were prepared in the previous period, which was prepared in Sterling. Monetary amounts in these financial statements are rounded to the nearest \$. The reason for the difference in currencies is to provide consistent reporting between all companies within the larger group, who largely report in United States Dollars.

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement through Other Comprehensive Income. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Plato Media Limited is a subsidiary of Sandbox Edutainment Holdings Limited who hold a majority shareholding in the company. The results of Plato Media Limited are included in the consolidated financial statements of Sandbox Edutainment Holdings Limited which are available from Arnold Hill & Co LLP, Craven House, 16 Northumberland Avenue, London, United Kingdom, WC5N 5AP.

##### 1.2 Prior period error

During the year an amount of around \$13,000 dollars relating to professional fee's previously expensed through share premium was added back to share premium and expensed through the profit and loss as a legal and professional fee. This was the result of a misclassification of expenses incurred in the previous year.

##### 1.3 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The rapid and fluid development of the COVID-19 virus and its impact on the global economy and businesses around the world indicate the existence of uncertainty which may cast 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 basis.

**PLATO MEDIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****1 Accounting policies****(Continued)****1.4 Revenue**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

**1.5 Intangible assets other than goodwill****Computer software development**

Computer software development costs are carried at cost less accumulated amortisation. When the software is available for its intended use, these costs are amortised on a straight-line basis over the estimated useful life of the software, being 3 years.

**Computer software development - Work-in-progress**

Computer software development, work-in-progress relates to development projects in progress but not yet completed nor available for use at the period end. These assets are stated at cost and not depreciated. Depreciation on work-in-progress commences when the assets are ready for their intended use, at which point the carrying value is transferred to computer software development.

**Intellectual property**

Intellectual property assets are related to the development of original content intended to be initially distributed via the 'Hopster' app. When the content is available for its intended use, these costs are amortised on a straight-line basis over an estimated useful life of 3 years.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

**1.6 Property, plant and equipment**

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	20% Straight Line
Computers	33% Straight Line
Right-of-use asset	Period of lease term

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

**1.7 Non-current investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the profit or loss.

## PLATO MEDIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in the income statement. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

#### *Impairment of financial assets*

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

#### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.10 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

## PLATO MEDIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### **Other financial liabilities**

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Remaining financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Accordingly, proceeds received on issue of the Company's convertible debt (of which there are two instruments: convertible redeemable preference shares and convertible loan notes) are allocated into their liability and equity components and presented separately in the statement of financial position. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited directly to equity and is not subsequently re-measured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

Liabilities are reviewed for impairment on an annual basis to identify if there are any factors that may indicate the carrying amount may be impaired.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### 1.11 Equity instruments

All equity investments are to be measured at fair value in the statement of financial position, with value changes recognised in profit or loss.

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The company has not generated any taxable profits and therefore no current tax has been recognised on profits.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**PLATO MEDIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1 Accounting policies****(Continued)****Deferred tax**

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.15 Share-based payments**

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

**1.16 Leases**

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

## PLATO MEDIA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

#### 1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 1.18 Research

Expenditure on research is written off in the year it is incurred.

#### 2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**PLATO MEDIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****3 Operating loss**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Operating loss for the period is stated after charging/(crediting):		
Exchange losses	20,230	5,035
Research and development costs	508,649	94,148
Fees payable to the company's auditor for the audit of the company's financial statements	15,400	-
Depreciation of property, plant and equipment	34,067	17,593
Amortisation of intangible assets (included within administrative expenses)	840,966	201,790
Share-based payments	-	4,954
	<u>          </u>	<u>          </u>

**4 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

<b>2020</b>	<b>2019</b>
<b>Number</b>	<b>Number</b>
26	24
<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Wages and salaries	1,277,246	485,044
Social security costs	174,032	50,244
Pension costs	28,982	6,376
	<u>          </u>	<u>          </u>
	1,480,260	541,664
	<u>          </u>	<u>          </u>

**5 Remuneration of key management personnel**

The remuneration of key management personnel is set out below:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Wages and salaries	182,311	34,265
National insurance costs	26,764	5,235
Pension costs	2,669	281
	<u>          </u>	<u>          </u>
Aggregate compensation	211,744	39,781
	<u>          </u>	<u>          </u>

**PLATO MEDIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****5 Remuneration of key management personnel****(Continued)****Other transactions with related parties**

The following amounts were outstanding at the reporting end date:

During the year an amount of \$2,690 was included in trade and other payables as an amount owed to Kidsy Limited, a wholly owned subsidiary, for expenses paid on behalf of Plato Media.

**6 Investment income**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Interest income</b>		
Financial instruments measured at amortised cost:		
Bank deposits	481	532
	<u>          </u>	<u>          </u>

Income above relates to assets held at amortised cost, unless stated otherwise.

**7 Finance costs**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Interest on bank overdrafts and loans	-	24,358
Interest on lease liabilities	10,609	2,598
	<u>          </u>	<u>          </u>
Total interest expense	10,609	26,956
	<u>          </u>	<u>          </u>

**8 Other gains and losses**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Other gains and losses	-	(119,037)
	<u>          </u>	<u>          </u>

**9 Income tax expense**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Current tax</b>		
Adjustments in respect of prior periods	(319,223)	-
	<u>          </u>	<u>          </u>



**PLATO MEDIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****9 Income tax expense****(Continued)**

The charge for the year can be reconciled to the loss per the income statement as follows:

	2020 \$	2019 \$
Loss before taxation	(2,320,820)	(907,729)
Expected tax credit based on a corporation tax rate of 19.00% (2019: 19.00%)	(440,956)	(172,469)
Effect of expenses not deductible in determining taxable profit	609,982	230,641
Unutilised tax losses carried forward	(169,027)	(58,172)
Adjustment in respect of prior years	(319,222)	-
<b>Taxation credit for the period</b>	<b>(319,223)</b>	<b>-</b>

The prior period adjustments noted above wholly relate to research and development tax credits claimed for the year ended 31 December 2019 (Period to 23 October 2019: Adjustment wholly relates to year ended 31 December 2018). No provision for a current period research and development tax credit has been recognised in the year.

There are estimated unrelieved trading losses of \$17,939,996 (2019: \$16,723,690) which are available to be set off against future taxable profit. A deferred tax asset has not been recognised in respect of these losses due to uncertainty in the timing of generation of sufficient taxable profits against which to offset these losses.

**10 Intangible assets**

	Computer Software \$	Intellectual property \$	Computer software - WIP \$	Total \$
<b>Cost</b>				
At 24 October 2019	4,112,111	368,401	1,514,152	5,994,664
Additions	-	11,675	275,217	286,892
Transfer of completed projects	106,152	-	(106,152)	-
Foreign currency adjustments	120,414	10,788	44,338	175,540
At 31 December 2019	4,338,677	390,864	1,727,555	6,457,096
Additions - purchased	5,124	75,158	647,545	727,827
Disposals	-	-	(97,044)	(97,044)
Transfer of completed projects	910,479	-	(910,479)	-
Foreign currency adjustments	129,367	11,653	51,511	192,531
At 31 December 2020	5,383,647	477,675	1,419,088	7,280,410

**PLATO MEDIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****10 Intangible assets****(Continued)**

	Computer Software \$	Intellectual property \$	Computer software - WIP \$	Total \$
<b>Amortisation and impairment</b>				
At 24 October 2019	3,252,246	140,576	-	3,392,822
Charge for the period	172,109	29,681	-	201,790
Foreign currency adjustments	99,032	4,530	-	103,562
At 31 December 2019	3,523,387	174,787	-	3,698,174
Charge for the year	708,221	132,745	-	840,966
Foreign currency adjustments	150,872	13,799	-	164,671
At 31 December 2020	4,382,480	321,331	-	4,703,811
<b>Carrying amount</b>				
At 31 December 2020	1,001,167	156,344	1,419,088	2,576,599
At 31 December 2019	815,290	216,077	1,727,555	2,758,922

**11 Property, plant and equipment**

	Fixtures and fittings \$	Computers \$	Right-of-use asset \$	Total \$
<b>Cost</b>				
At 24 October 2019	28,990	111,900	368,559	509,449
Additions	-	699	-	699
Foreign currency adjustments	849	3,277	10,792	14,918
At 31 December 2019	29,839	115,876	379,351	525,066
Additions	20	6,884	-	6,904
Foreign currency adjustments	890	3,455	11,311	15,656
At 31 December 2020	30,749	126,215	390,662	547,626
<b>Accumulated depreciation and impairment</b>				
At 24 October 2019	15,296	92,518	135,138	242,952
Charge for the year	1,083	4,129	12,381	17,593
Foreign currency adjustments	315	2,723	4,221	7,259
At 31 December 2019	16,694	99,370	151,740	267,804
Charge for the year	7,993	11,876	73,386	93,255
Foreign currency adjustments	1,016	3,731	9,272	14,019
At 31 December 2020	25,703	114,977	234,398	375,078

**PLATO MEDIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****11 Property, plant and equipment****(Continued)**

	Fixtures and fittings	Computers	Right-of-use asset	Total
	\$	\$	\$	\$
<b>Carrying amount</b>				
At 31 December 2020	5,046	11,238	156,264	172,548
At 31 December 2019	13,145	16,506	227,611	257,262

**12 Investments**

	Current		Non-current	
	2020	2019	2020	2019
	\$	\$	\$	\$
Investments in subsidiaries	-	-	1,366,312	-

**Fair value of financial assets carried at amortised cost**

The above investment wholly relates to the acquisition costs of Kidsy Limited, a wholly owned subsidiary.

**PLATO MEDIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****13 Subsidiaries**

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Voting
Kidsy Limited	United Kingdom	Ordinary Shares	100.00	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	\$	\$
Kidsy Limited	288,875	67,866

**14 Trade and other receivables**

	2020	2019
	\$	\$
Trade receivables	384,729	304,154
Provision for bad and doubtful debts	(43,091)	-
	<u>341,638</u>	<u>304,154</u>
VAT recoverable	28,320	52,102
Other receivables	37	32,014
Prepayments	450,192	700,456
	<u>820,187</u>	<u>1,088,726</u>

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

**15 Borrowings**

	Current		Non-current	
	2020	2019	2020	2019
	\$	\$	\$	\$
<b>Borrowings held at amortised cost:</b>				
Bank loans	6,455	-	61,861	-
	<u>6,455</u>	<u>-</u>	<u>61,861</u>	<u>-</u>

**PLATO MEDIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****16 Trade and other payables**

	<b>Current</b>		<b>Non-current</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade payables	732,094	725,618	-	-
Amounts owed to subsidiary undertakings	2,690	-	-	-
Accruals	450,671	486,010	-	-
Social security and other taxation	290,564	100,511	129,718	-
Other payables	3,519	70	-	-
	<u>1,479,538</u>	<u>1,312,209</u>	<u>129,718</u>	<u>-</u>

The directors consider that the carrying amount of trade payables approximates to their fair value.

**17 Lease liabilities**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Maturity analysis</b>		
Within one year	83,412	75,698
In two to five years	89,251	167,663
<b>Total undiscounted liabilities</b>	<u>172,663</u>	<u>243,361</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Current liabilities	83,412	75,698
Non-current liabilities	89,251	167,663
	<u>172,663</u>	<u>243,361</u>

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>10,609</u>	<u>2,598</u>

Other leasing information, regarding right-of-use assets, is included in note 9 and note 24.

**PLATO MEDIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****18 Deferred revenue**

	2020	2019
	\$	\$
Arising from	135,123	56,019

All deferred revenues are expected to be settled within 12 months from the reporting date.

**19 Retirement benefit schemes****Defined contribution schemes**

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is \$28,982 (2019: \$6,376).

**20 Share-based payment transactions**

During the year there were no share based payments, with all employees leaving the scheme. Please see the 2019 financial statements for further information regarding the comparative year share based payments.

**21 Share capital**

	2020	2019	2020	2019
	Number	Number	\$	\$
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	249,695	249,695	317,367	317,367
<b>Preference share capital</b>				
<b>Issued and fully paid</b>				
Preference shares of £1 each	286,653	286,653	370,240	370,240

The Company has one class of ordinary shares which have attached to them full voting, dividend and capital distribution (including winding up rights). These ordinary shares do not confer any rights of redemption. Additionally, the Company has in issue 286,653 redeemable preference shares with an average price of £8 each. These shares have been assigned the same rights as normal issued ordinary shares, with the exception that these preference shares have the benefit of preferential payment on a winding-up of the Company.

As at the 31 December 2020, all classes of shares have been issued and fully paid.

**22 Share premium account**

	2020	2019
	\$	\$
At the beginning of the year	20,994,798	14,606,812
Issue of new shares	-	6,387,986
At the end of the year	20,994,798	20,994,798

**PLATO MEDIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****23 Equity reserve**

	2020	2019
	\$	\$
At the beginning of the year	-	169,553
Arising in the year	1,366,312	-
Transfer to share capital	-	(169,553)
At the end of the year	<u>1,366,312</u>	<u>-</u>

The loan note was fully converted to Share Capital post year end for the full \$1,366,312 worth of shares in Plato Media Ltd, resulting in 126,747 shares at \$10.79 each. These shares were then used by SEHL to acquire Fingerprint Ltd.

**24 Controlling party**

As a result of the investment taken 24 October 2019 the Company had a majority shareholder, Sandbox Edutainment Holdings Limited which holds 58.1% of the shareholding. The registered office of the company is Griffin House, 161 Hammersmith Road, London, W6 8BS.

**25 Cash absorbed by operations**

	2020	2019
	\$	\$
Loss for the year after tax	(2,001,597)	(907,729)
<b>Adjustments for:</b>		
Taxation credited	(319,223)	-
Finance costs	10,609	26,956
Investment income	(481)	(532)
Amortisation and impairment of intangible assets	840,966	201,790
Depreciation and impairment of property, plant and equipment	93,255	17,593
Foreign exchange gains on cash equivalents	(29,499)	(203,629)
Other gains and losses	-	119,037
Equity settled share based payment expense	-	4,954
<b>Movements in working capital:</b>		
Decrease/(increase) in trade and other receivables	268,539	(112,094)
Increase/(decrease) in trade and other payables	297,047	(4,277,504)
Increase/(decrease) in deferred revenue outstanding	79,104	(6,034)
<b>Cash absorbed by operations</b>	<u>(761,280)</u>	<u>(5,137,192)</u>

**PLATO MEDIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****26 Transition adjustments****Reconciliation of equity**

	<b>24 October 2019</b>	<b>31 December 2019</b>
<b>Notes</b>	<b>\$</b>	<b>\$</b>
Equity as previously reported	(2,356,864)	3,736,242
Adjustments arising from transition:		
Right of use asset adjustments	(16,588)	(15,751)
Equity as restated	<u>(2,373,452)</u>	<u>3,720,491</u>

**Reconciliation of loss for the financial period**

	<b>2019 \$</b>
Loss as previously reported and after transition	<u>(907,729)</u>



**PLATO MEDIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****26 Transition adjustments****(Continued)****Reconciliation of equity**

	Notes	At 24 October 2019			At 31 December 2019		
		Previously reported	Effect of transition	As restated	Previously reported	Effect of transition	As restated
		\$	\$	\$	\$	\$	\$
<b>Fixed assets</b>							
Other intangibles		2,601,844	-	2,601,844	2,758,922	-	2,758,922
Property, plant and equipment		33,076	233,420	266,496	29,653	227,610	257,263
		<u>2,634,920</u>	<u>233,420</u>	<u>2,868,340</u>	<u>2,788,575</u>	<u>227,610</u>	<u>3,016,185</u>
<b>Current assets</b>							
Trade and other receivables		976,631	-	976,631	1,088,725	-	1,088,725
Bank and cash		5,604	-	5,604	1,227,170	-	1,227,170
		<u>982,235</u>	<u>-</u>	<u>982,235</u>	<u>2,315,895</u>	<u>-</u>	<u>2,315,895</u>
<b>Creditors due within one year</b>							
Borrowings		(322,252)	-	(322,252)	-	-	-
Finance leases		-	(74,857)	(74,857)	-	(75,698)	(75,698)
Other payables		(1,821,747)	-	(1,821,747)	(1,312,209)	-	(1,312,209)
Deferred income		(62,053)	-	(62,053)	(56,019)	-	(56,019)
		<u>(2,206,052)</u>	<u>(74,857)</u>	<u>(2,280,909)</u>	<u>(1,368,228)</u>	<u>(75,698)</u>	<u>(1,443,926)</u>
<b>Net current (liabilities)/ assets</b>		<u>(1,223,817)</u>	<u>(74,857)</u>	<u>(1,298,674)</u>	<u>947,667</u>	<u>(75,698)</u>	<u>871,969</u>
<b>Total assets less current liabilities</b>		<u>1,411,103</u>	<u>158,563</u>	<u>1,569,666</u>	<u>3,736,242</u>	<u>151,912</u>	<u>3,888,154</u>
<b>Creditors due after one year</b>							
Finance leases		-	(175,151)	(175,151)	-	(167,663)	(167,663)
Convertible loans		(3,767,967)	-	(3,767,967)	-	-	-
		<u>(3,767,967)</u>	<u>(175,151)</u>	<u>(3,943,118)</u>	<u>-</u>	<u>(167,663)</u>	<u>(167,663)</u>
<b>Net assets</b>		<u>(2,356,864)</u>	<u>(16,588)</u>	<u>(2,373,452)</u>	<u>3,736,242</u>	<u>(15,751)</u>	<u>3,720,491</u>

**PLATO MEDIA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****26 Transition adjustments****(Continued)**

	Notes	At 24 October 2019			At 31 December 2019		
		Previously reported	Effect of transition	As restated	Previously reported	Effect of transition	As restated
		\$	\$	\$	\$	\$	\$
<b>Equity</b>							
Share capital		58,256	-	58,256	687,607	-	687,607
Share premium		14,606,812	-	14,606,812	20,994,798	-	20,994,798
Equity reserve		169,553	-	169,553	-	-	-
Profit and loss		(17,191,485)	(16,588)	(17,208,073)	(17,946,163)	(15,751)	(17,961,914)
<b>Total equity</b>		<b>(2,356,864)</b>	<b>(16,588)</b>	<b>(2,373,452)</b>	<b>3,736,242</b>	<b>(15,751)</b>	<b>3,720,491</b>

**Notes to reconciliations****Leases**

Under FRS102, a lease is classified as a finance lease or operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, as explained in Note 16, a lease applies a single recognition and measurement approach for all leases, except for short-term leases, and leases of low-value assets and recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to IFRS, the Company applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Company recognised an increase of \$250,008 (31 December 2019: \$243,361) of lease liabilities included under current and non current liabilities and \$223,420 (31 December 2019: \$227,610) of right of use assets. Under FRS102, the operating leases were not capitalized, whereas under IFRS, they have been presented in right-of-use-assets. The difference between lease liabilities and right-of-use assets has been recognised in retained earnings.

At the date of transition to IFRS additional depreciation of \$133,514 (31 December 2019: \$148,577) has been recognised for the unwinding of the useful life of the right-of-use-asset, and additional finance costs of \$32,460 (31 December 2019: \$35,710) have been included to reflect the time value of money. All previous operating lease payments recognised under FRS102 have been removed. Adjustments to recognize the right-of-use-assets under IFRS 16 have been adjusted for retrospectively.