

COMPANY REGISTRATION NUMBER: 11723371

Elixirr Consulting Limited
Financial Statements
31 December 2019

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Elixirr Consulting Limited

Financial Statements

Period ended 31 December 2019

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Elixirr Consulting Limited

Officers and Professional Advisers

The board of directors	I Ferguson S A Newton G E Busby	(Appointed 12 December 2018) (Appointed 12 December 2018) (Appointed 3 July 2020)
Registered office	12 Helmet Row London EC1V 3QJ	
Auditor	Crowe U.K. LLP Chartered accountants & statutory auditor 2nd Floor 55 Ludgate Hill London EC4M 7JW	

Elixirr Consulting Limited

Strategic Report

Period ended 31 December 2019

The directors present the strategic report together with their annual report and the financial statements of the Company for the period ended 31 December 2019.

Principal activities and business review

Elixirr Consulting Limited (the Company) and subsidiary companies (the Group) are principally engaged in the provision of consultancy services. Elixirr is an established, global, award-winning management consultancy, challenging the larger consultancies by delivering innovative and bespoke solutions to a repeat, globally recognised client base. Elixirr works with companies in various industries including financial services, consumer goods, retail and technology media & telecommunications.

The Group focuses on building long-term, trusted relationships with clients by consistently delivering innovative, impactful solutions with the aim of solving clients' business challenges. The Group offers a wide range of expertise and capabilities to solve its clients' business challenges which includes defining strategy, driving business improvement or helping build new businesses. The Company uses a "bottom-up" approach which involves designing a bespoke solution to solve the specific issues for its clients, rather than solely trying to sell 'off the shelf' solutions. The Board believes that this is a key differentiator of Elixirr against its peers.

On 1 July 2019, Elixirr Consulting Limited, part of the Group and a subsidiary of Elixirr International Plc (formerly Elixirr International Limited), the ultimate controlling parent company, acquired the business and substantially all the assets (including shares in subsidiary companies) of Elixirr Partners LLP. On 15 July 2019, there was a share for share exchange with Elixirr International Plc acquiring all of the shares in Elixirr Consulting Limited. In consideration, shares in Elixirr International Plc were issued to the former shareholders of Elixirr Consulting Limited. Elixirr International Plc Ordinary shares were admitted to trading on the Alternative Investment Market (AIM) market of the London Stock Exchange on 9 July 2020, under the ticker "ELIX" and the ISIN GB00BLPHTX84.

Key performance indicators (KPIs)

The statement of comprehensive income is set out on page 9 and shows the profit for the period.

In the period ended 31 December 2019 the Company delivered revenue of £10.7 million. The Company reports a profit before tax of £1.1 million. These and the wider Elixirr Group's results are considered the key performance indicators for the business.

Principal risks and uncertainties

The Board has assessed the Group's principal and emerging risks, which are intrinsically linked to that of the wider Elixirr Group of entities, and how they are being managed or mitigated as follows:

- **Demand for services in markets and sectors in which the Group operates** – The entrepreneurial culture and focus on helping clients build businesses, products and customer experiences are key differentiators of our service offering. The Group operates a flexible model and can quickly deploy staff to areas of higher demand to optimise utilisation.
 - **Reputation and key client relationships** – The Group has relentless focus on customer service and exceeding client expectations. This combined with our bespoke solutions frequently embed Elixirr within our clients over the long term. We offer a range of services, approach and quality of people which is not replicated collectively by our competitors. Potential contractual liabilities from client engagements are managed through quality control of work and management of contractual conditions.
 - **Recruitment and retention of talented employees** – The Group has remuneration policies and structures that reward good performance. For senior employees, an element of total remuneration
-

Elixirr Consulting Limited

Strategic Report

Period ended 31 December 2019

is variable and linked to financial and other performance measures. On 8 May 2020 an EMI Share Option Plan was implemented to align all employees' goals with those of the Group.

- **COVID-19** – COVID-19 has had minimal impact on trading with employees able to work remotely to continue to provide services to clients. The ability to react quickly is embedded in the Elixirr culture. Elixirr has supported its clients with remote working and digital delivery, which has supported continued strong trading through the COVID-19 period.

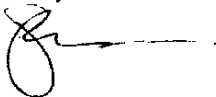
Future developments

Since the period ended 31 December 2019, the Group has traded well with revenues and margins proving resilient in the face of the COVID-19 pandemic. The Group has won mandates assisting with the transition to remote working and facilitating the business shifts necessary to cope with the anticipated change to customer habits. June, July and September 2020 represented record months for the Group in terms of revenue recorded.

As such, the Board anticipates that the Group's revenue will be strong in the financial year ending 31 December 2020, with operating margins expected to be in line with historic performance. The Group continues to trade in-line with the Directors' expectations.

The Board sees further opportunities arising from the current change reverberating through its core clients' industries. This, alongside a strong financial performance in the first half of the year, good visibility over current work-in-progress and pipeline opportunities and a belief in the fundamental growth strategy and business model, give the Directors confidence in the Group's prospects for the current financial year and beyond.

This report was approved by the board of directors on 15 December 2020 and signed on behalf of the board by:



S A Newton
Director

Registered office:
12 Helmet Row
London
EC1V 3QJ

Elixirr Consulting Limited

Directors' Report

Period ended 31 December 2019

The directors present their report and the financial statements of the Company for the period ended 31 December 2019.

Directors

The directors who served the company during the period and until the date of the financial statements were as follows:

A Curtis	(Appointed 12 December 2018; resigned 3 July 2020)
I Ferguson	(Appointed 12 December 2018)
M V Goodyear	(Appointed 12 December 2018; resigned 3 July 2020)
S A Newton	(Appointed 12 December 2018)

G E Busby was appointed to the board after year end on 3 July 2020.

Dividends

The directors do not recommend the payment of an ordinary dividend during the period.

Disclosure of information in the strategic report

The principal activity, a review of the business, key performance indicators, principal risks and uncertainties and future developments of the group and company have not been included in this report as they are disclosed in the Strategic Report.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 group and the company and the profit or loss of the group 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;
- state whether they have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), subject to any material departures disclosed and explained in the financial statements;
- assess the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Elixirr Consulting Limited

Directors' Report

Period ended 31 December 2019

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.

Going concern

After making enquiries into the future trading forecasts and cash requirements, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to meet its obligations and continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the Directors' report and accounts. Further information in relation to going concern and the impact of COVID-19 is disclosed in note 2 to the financial statements.

Website publication

The directors are responsible for the maintenance and the integrity of the information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Events after the balance sheet date

Events after the balance sheet date have been disclosed in the note 24 of the financial statements.

Disclosure of information to auditors

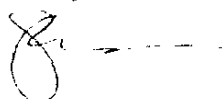
Each of the persons who is a director at the date of approval of this report confirms that:

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

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board of directors on 15 December 2020 and signed on behalf of the board by:



S A Newton
Director

Registered office:
12 Helmet Row
London
EC1V 3QJ

Elixirr Consulting Limited

Independent Auditor's Report to the Members of Elixirr Consulting Limited

Period ended 31 December 2019

Opinion

We have audited the financial statements of Elixirr Consulting Limited for the period ended 31 December 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 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 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group 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 group's or the parent 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

Elixirr Consulting Limited

Independent Auditor's Report to the Members of Elixirr Consulting Limited

Period ended 31 December 2019

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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 6, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Elixirr Consulting Limited

Independent Auditor's Report to the Members of Elixirr Consulting Limited

Period ended 31 December 2019

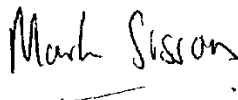
Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Mark Sisson
Senior Statutory Auditor
For and on behalf of
Crowe Clark U.K LLP
Statutory Auditor
Chartered accountants & statutory auditor
2nd Floor
55 Ludgate Hill
London
EC4M 7JW

23 December 2020

Elixirr Consulting Limited
Statement of Comprehensive Income
Period ended 31 December 2019

		Period ended 31 December 2019 £
Revenue	Note 4	10,682,641
Cost of sales		(7,061,515)
Gross profit		3,621,126
Administrative expenses		(2,023,145)
Exceptional items	5	(262,197)
Operating profit, being profit on ordinary activities before interest and taxation	6	1,335,784
Finance income	9	64,268
Finance expense	9	(284,937)
Profit on ordinary activities before taxation		1,115,115
Taxation	10	(193,740)
Profit for the period attributable to the owners of the parent		921,375

All operations are continuing operations.

The notes on pages 12 to 34 form part of these financial statements

Elixir Consulting Limited

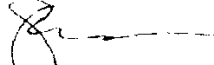
Company Statement of Financial Position

31 December 2019

Registered number: 11723371

		31 December 2019 £
	Note	
Non-current assets		
Intangible assets	11	44,638,374
Tangible assets	12	6,157,896
Investment in subsidiaries	13	4,174,851
Other receivables	14	416,318
Total non-current assets		55,387,439
Current assets		
Trade and other receivables	14	12,083,612
Cash and cash equivalents	15	1,203,731
Total current assets		13,287,343
Total assets		68,674,782
Non-current liabilities		
Loans and borrowings	17	12,660,741
Deferred tax liability	10	538,089
Provisions	18	147,730
Total non-current liabilities		13,346,560
Current liabilities		
Trade and other payables	16	9,291,512
Current tax liabilities		285,700
Loans and borrowings	17	1,329,635
Total current liabilities		10,906,847
Total liabilities		24,253,407
Net assets		44,421,375
Equity		
Share capital	21	3,350
Merger relief reserve	21	43,496,650
Retained earnings	22	921,375
		44,421,375

These financial statements were approved by the board of directors and authorised for issue on 15 December 2020 and are signed on behalf of the board by:


S.A. Newton
Director

The notes on pages 12 to 34 form part of these financial statements

Elixirr Consulting Limited**Statement of Changes in Equity****Period ended 31 December 2019**

	<i>Share capital £</i>	<i>Merger relief reserve £</i>	<i>Retained earnings £</i>	<i>Total £</i>
Balance on incorporation	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Profit for the period	-	-	921,375	921,375
Total comprehensive income for the period	-	-	921,375	921,375
Transactions with owners in their capacity as owners:				
Contributions of equity net of transaction costs	3,349	43,496,650	-	43,499,999
Balance at 31 December 2019	<u>3,350</u>	<u>43,496,650</u>	<u>921,375</u>	<u>44,421,375</u>

The notes on pages 12 to 34 form part of these financial statements

Elixirr Consulting Limited

Notes to the Financial Statements

Period ended 31 December 2019

1. General information

Elixirr Consulting Limited (the "Company") principal activities are the provision of consultancy services.

The Company is a limited company incorporated in England and Wales and domiciled in the UK. The address of the registered office is 12 Helmet Row, London, EC1V 3QJ and the company number is 11723371.

The Company was incorporated on 12 December 2018 but was dormant from this date until 1 July 2019. An acquisition occurred in July 2019 resulting in the Company no longer being dormant. See note 23 for further details. As such, the financial statements present the period from 1 July 2019 to 31 December 2019.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements of the Company, which have been applied consistently to the period presented, are set out below.

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework', the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, as issued by the Financial Reporting Council.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements because it is included in the group accounts of Elixirr International Plc (formerly Elixirr International Limited). The group accounts of Elixirr International Plc are available to the public and can be obtained as set out in note 25.

The functional and presentational currency of the Group is pounds sterling.

Measurement convention

The financial information has been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. The significant estimates and judgements that have been made and their effect is disclosed in note 3.

Disclosure exemptions

In preparing the separate financial statements of the Company, advantage has been taken of the following disclosure exemptions available in FRS 101:

- No cash flow statement has been presented for the Company as the results are included in the totals for the group as a whole in the consolidated financial statements of the ultimate parent (note 25); and
 - Disclosures in respect of the Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole in the consolidated financial statements of the ultimate parent; and
 - No disclosure has been given for the aggregate remuneration of the key management
-

Elixirr Consulting Limited

Notes to the Financial Statements

Period ended 31 December 2019

personnel of the Company as their remuneration is included in the total for the group as a whole in the consolidated financial statements of the ultimate parent; and

- No disclosure has been given in terms of IAS 24 for related party transactions between wholly owned group companies, including transactions with the ultimate parent.

Going concern

At the date of these financial statements, Group revenue has increased on the prior year comparable period of Elixirr Partners LLP and the Company's ultimate holding company is well capitalised following its Admission to AIM.

The Directors have prepared cash flow forecasts for the Group for a review period of 12 months from the date of approval of these financial statements. These forecasts reflect an assessment of current and future market conditions and their impact on the Group's future cash flow performance.

Having considered these forecasts, the Directors remain confident in the long-term future prospects for the Group and the Company, and their ability to continue as going concerns for the foreseeable future. They therefore adopt the going concern basis in preparing the financial statements of the Company.

Revenue recognition

Revenue is measured as the fair value of consideration received or receivable for satisfying performance obligations contained in contracts with clients, including expenses and disbursements but excluding discounts and Value Added Tax. Variable consideration is included in revenue only to the extent that it is highly probable that a significant reversal will not be required when the uncertainties determining the level of variable consideration are resolved. This occurs as follows for the Group's various contract types:

- Time-and-materials contracts are recognised over time as services are provided at the fee rate agreed with the client where there is an enforceable right to payment for performance completed to date.
- Fixed-fee contracts are recognised over time based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided where there is an enforceable right to payment for performance completed to date. This is determined based on the actual inputs of time and expenses relative to total expected inputs.
- Performance-fee contracts are recognised when the right to consideration arises on having met the relevant performance-related elements.
- Contingent-fee contracts, over and above any agreed minimum fee, are recognised at the point in time that the contingent event occurs and the Group has become entitled to the revenue.

Where contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on its stand-alone selling price. Where these are not directly observable, they are estimated based on expected cost-plus margin. Adjustments are made to allocate discounts proportionately relative to the stand-alone selling price of each performance obligation.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increase or decrease in estimated revenues or costs are reflected in the statement of comprehensive income in the period in which the circumstances that give rise to the revision became known.

Elixirr Consulting Limited

Notes to the Financial Statements

Period ended 31 December 2019

For time-and-materials, and fixed-fee contracts, fees are normally billed on a monthly basis. For performance-fee and contingent-fee contracts, fees are normally billed and paid when entitlement to the revenue has been established. If the revenue recognised by the Group exceeds the amounts billed, a contract asset is recognised. If the amounts billed exceed the revenue recognised, a contract liability is recognised. Contract assets are reclassified as receivables when billed and the consideration has become unconditional because only the passage of time is required before payment is due.

The Company's standard payment terms require settlement of invoices within 30 days of receipt.

The Company does not adjust the transaction price for the time value of money as it does not expect to have any contracts where the period between the transfer of the promised services to the client and the payment by the client exceeds one year.

Business combinations

The Company applies the acquisition method of accounting to account for business combinations in accordance with IFRS 3, 'Business Combinations'.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. All transaction related costs are expensed in the period they are incurred as operating expenses. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

The Company acquired the trade and some of the assets of Elixirr Partners LLP, an entity under common control, on 1 July 2019.

Transactions with entities under common control are not within the scope of IFRS 3 "Business Combinations". In these circumstances IAS 8 requires the Directors to develop a policy that is relevant to the decision making needs of the users and that is reliable as there is no specific applicable standard or interpretation.

Having considered the nature of the transaction, noting that some assets were not transferred with the business and the anticipation of a future corporate transaction. The Directors have chosen to apply IFRS 3 as this was considered to be the most appropriate method to reflect the acquisition.

The fair value of the purchase consideration was £50,000,000 and the nature of the consideration was shares issued. Fair value adjustments to the assets acquired have been recognised on the transaction as disclosed in note 23. The difference between the fair value of the purchase consideration and the fair value of the identifiable assets acquired and liabilities assumed is recognised as goodwill. The goodwill is attributable to the company's workforce and working methodologies and it will not be deductible for tax purposes.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profits as reported in the income statement because it excludes items of income or expense that

Elixirr Consulting Limited

Notes to the Financial Statements

Period ended 31 December 2019

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 substantially enacted by the reporting end date.

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 differences 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.

Foreign currency translation

a) Functional and presentational currency

The financial statements are presented in 'sterling', which is the Company's functional currency and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are subsequently carried at cost or fair value (depending on how acquired) less accumulated amortisation and impairment losses.

The Company amortises intangible assets with a limited useful life using the following methodology:

Trademarks – 33.33% reducing balance method

Goodwill

Goodwill is initially measured at cost and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in

Elixirr Consulting Limited

Notes to the Financial Statements

Period ended 31 December 2019

an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The goodwill is tested annually for impairment irrespective of whether there is an indication of impairment.

Tangible assets

Tangible fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses.

Costs comprise purchase costs together with any incidental costs of acquisition.

Depreciation is provided to write down the cost less the estimated residual value of all tangible fixed assets by equal instalments over their estimated useful economic lives on a straight-line basis. The following rates are applied:

Leasehold improvements	-	Over the life of the lease
Computer equipment	-	3 years
Fixtures and fittings	-	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. Low value equipment including computers is expensed as incurred.

Impairments of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the

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contractual arrangement. Financial instruments are recognised on trade date when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments are derecognised on the trade date when the Company is no longer a party to the contractual provisions of the instrument.

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. All financial instruments held are classified as loans and receivables.

a) Trade and other receivables and trade and other payables

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any expected credit losses in the case of trade receivables. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

b) Unbilled revenue

Unbilled revenue is recognised at the fair value of consultancy services provided at the balance sheet date reflecting the stage of completion (determined by costs incurred to date as a percentage of the total anticipated costs) of each assignment. This is included in contract assets.

c) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only on the cash flow statement.

e) Preference shares

Preference shares, which are non-redeemable with non-discretionary dividends, have both equity and liability elements.

The liability element is calculated as the present value of the future contractual cash flows, discounted at a market rate of interest, estimated at 10%. This amount is recorded as a liability on an amortised cost basis until extinguished or converted. The equity element is calculated as the residual value (i.e. the difference between the proceeds from the issue of the shares less the liability component) and is recognised and included in shareholders' equity.

The dividends on the preference shares are recognised in profit or loss as finance costs.

Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligations as a result of a past event, that can be reliably measured and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

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Period ended 31 December 2019

Right-of-use assets: Leases

The Company leases one property in the UK from which it operates.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. This has been estimated at 5.0 per cent. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to *dismantle, remove or restore the leased asset (typically leasehold dilapidations)*.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities, finance leases recognised in the income statement using the effective interest method and the unwinding of the discount on provisions. Financing expenses does not include foreign exchange losses, and these are recognised in the statement of comprehensive income.

Financing income includes interest receivable on funds invested.

Interest income and interest payable are recognised in the statement of comprehensive income as they accrue, using the effective interest method.

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Adoption of new and revised standards and interpretations

The Group has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations that became effective for the first time.

<i>Standard</i>	<i>Effective date, annual period beginning on or after</i>
IFRS 16 <i>Leases</i>	1 January 2019
<i>IFRS 16 'Leases'</i>	

IFRS 16 specifies how the Company will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. For each lease, the Company has recognised an asset reflecting the right to use the leased asset for the remaining lease term and a lease liability reflecting the obligation to make lease payments. Both the asset and the liability have been recognised on-balance sheet. There has been no impact on cash flow but there has been an impact on the statement of comprehensive income as the operating lease payments have been replaced with a depreciation charge on the leased asset and an interest expense on the lease liability.

The Company has taken advantage of the exemptions available under IFRS 16 not to apply the recognition and requirements of IFRS 16 to leases with a term of 12 months or less. The recognition of these exempted leases will therefore continue unchanged – a charge will be recognised in the income statement based on straight-line recognition of the lease payments payable on each lease, after adjustment for lease incentives received.

3. Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, costs and revenue in the financial statements. Actual results could differ from these estimates. The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Key sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of assets or liabilities within the next accounting period are:

- Revenue is recognised in line with time worked on a project unless the engagement is conditional or contingent. Management review accrued revenue to determine whether there is any likelihood of any amendments or provisions required based on project progress and relationship with the client.
 - Full provision is made for loss making projects in the period in which the loss is first foreseen, and for the cost of conditional or contingent engagements prior to the event occurring. Estimation is required of costs to complete and the provision necessary.
 - The Company's policy on recognising an impairment of the trade receivables balance is based on a review of individual receivable balances, their ageing and management's assessment of realisation. This review and assessment is conducted on a continuing basis and any material change in management's assessment of trade receivable impairment is reflected in the carrying value of the asset.
 - Provisions for dilapidations is accrued based on estimation of the cost expected to crystallise on vacating leased premises.
-

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- Preference shares, which are non-redeemable with non-discretionary dividends, have both equity and liability elements. The liability element is calculated as the present value of future contractual cash flows, discounted at a market rate of interest, estimated at 10%. The equity element is calculated as the residual value.
- Amortisation period of trademarks is an estimate based on the expected useful life of directors and is assessed annually for any changes based on current circumstances.

4. Operating segments

Revenue arises from:

	Period to 31 December 2019 £
United Kingdom	3,601,849
Europe	2,121,324
Africa	2,953,332
USA	700,827
Rest of World	1,305,309
	<u>10,682,641</u>

IFRS 8 requires that operating segments be identified on the basis of internal reporting and decision-making. The Company is operated as one global business by its executive team, with key decisions being taken by the same leaders irrespective of the geography where work for clients is carried out. The Directors therefore consider that the Company has one operating segment. As such, no additional disclosure has been recorded under IFRS 8.

5. Exceptional items

	Period to 31 December 2019 £
Exceptional items	262,197
	<u>262,197</u>

Exceptional items during the period relate to costs associated with the acquisition that occurred in July 2019 and a strategic review of the options for the Group. For further details of the acquisition, see note 23.

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6. Operating profit

Operating profit is arrived at after charging:

	Period to 31 December 2019 £
Depreciation – owned assets	98,187
Depreciation – leased assets	282,458
Amortisation	1,109,581
Foreign exchange (gains)/losses	126,394

Auditor's remuneration:

	Period to 31 December 2019 £
Audit of the Company financial statements	<u>20,000</u>

7. Staff costs

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	Period to 31 December 2019 Number
Directors, management and partners	<u>20</u>
	<u>20</u>

The aggregate payroll costs of these persons were as follows:

	Period to 31 December 2019 £
Wages and salaries	1,816,696
Social security costs	160,142
Pension costs	-
	<u>1,976,838</u>

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8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	Period to 31 December 2019 £
Remuneration	380,148

Remuneration of the highest paid director in respect of qualifying services:

	Period to 31 December 2019 £
Aggregate remuneration	252,138

9. Finance income and expenses

	Period to 31 December 2019 £
On short term deposits and investments	709
On intercompany loan to Elixirr LLC	63,559
Total finance income	64,268
On bank loans and overdrafts at amortised cost	13,270
Preference share dividend	131,377
On lease liability	140,290
Total finance expense	284,937

10. Taxation on profit on ordinary activities

	Period to 31 December 2019 £
<i>Current tax</i>	
Current tax on income for the year	286,888
Total current tax	286,888
<i>Deferred tax</i>	
(Decrease)/increase in deferred tax liabilities	(93,148)
Total deferred tax	(93,148)
Total income tax expense	193,740

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Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19%.

	Period to 31 December 2019 £
Profit on ordinary activities before taxation	1,115,115
Profit on ordinary activities multiplied by rate of tax	211,872
Expenses not deductible for tax purposes	46,925
Trademarks	(98,984)
Exceptional items not deductible for tax purposes	22,968
Closing deferred tax rate lower/(higher) than main current tax rate	10,959
Tax on profit	193,740

Deferred tax liability

The balance comprises temporary differences attributable to:

	As at 31 December 2019 £
Property, plant and equipment	57,153
Intangible assets	480,936
Total deferred tax liabilities	538,089

	Property, plant and equipment £	Intangible assets £	Other £	Total £
Movements				
On incorporation	—	—	—	—
Acquisition of business	65,137	569,500	(3,400)	631,237
Charged/(credited) to profit and loss	(7,984)	(88,564)	3,400	(93,148)
At 31 December 2019	57,153	480,936	—	538,089

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11. Intangible assets

	Goodwill £	Trademarks £	Total £
Cost			
On incorporation	–	–	–
Acquisition of business	38,612,955	7,135,000	45,747,955
At 31 December 2019	<u>38,612,955</u>	<u>7,135,000</u>	<u>45,747,955</u>
Amortisation			
On incorporation	–	–	–
Amortisation	–	1,109,581	1,109,581
At 31 December 2019	<u>–</u>	<u>1,109,581</u>	<u>1,109,581</u>
Net book value			
On incorporation	–	–	–
At 31 December 2019	<u>38,612,955</u>	<u>6,025,419</u>	<u>44,638,374</u>

Goodwill relates to the transfer of the business and assets of Elixirr Partners LLP and subsidiaries to Elixirr Consulting Limited on 1 July 2019. Goodwill was calculated as the fair value of the initial consideration (being the shares issued by Elixirr Consulting Limited) less the fair value of assets at the date of the transfer (see note 23).

Impairment review

Following initial recognition, goodwill is subject to impairment reviews, at least annually, and measured at fair value less accumulated impairment losses. Any impairment is recognised immediately in the consolidated statement of comprehensive income and is not subsequently reversed.

There are three steps to performing an impairment review:

1. Allocating the goodwill to the relevant cash generating unit (CGU) or multiple CGUs.
2. Determining the recoverable amount of the CGU to which the goodwill belongs.
3. Recognising any impairment losses after performing an impairment review of the CGU or CGUs.

Goodwill acquired in a business combination represents future economic benefits arising from assets that are not capable of being individually identified and separately recognised. Goodwill does not generate cash flows independently from other assets or groups of assets and so the recoverable amount of goodwill as an individual asset cannot be determined. Therefore, goodwill acquired in a business combination must be allocated from the acquisition date to each of the acquirer's CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination.

The definition of a CGU is "the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets" per IAS 36).

In accordance with IAS 36, a CGU to which goodwill has been allocated shall be tested for impairment annually and whenever there is indication of impairment by comparing the carrying

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amount of the unit, including the goodwill, with the recoverable amount of the unit.

If the recoverable amount of the unit exceeds the carrying amount of the unit, the unit and the goodwill allocated to that unit shall be regarded as not impaired. If the carrying amount of the unit exceeds the recoverable amount of the unit, the entity shall recognise an impairment loss.

The recoverable amount is the higher of a CGU's fair value less costs to sell and its value in use. In brief the fair value less costs to sell is likely to involve a valuation of the CGU if sold at an arm's length and deducting the costs of disposal.

The value in use will involve a discounted cash flow ('DCF') calculation estimating the future cash inflows and outflows to be derived from the continuing use of the CGU. The DCF calculation would include the estimated net cash flows, if any, to be received for the disposal of the CGU at the end of its useful life.

Key assumptions used in value in use calculation

The key assumptions for the value in use calculation are those regarding:

- number of years of cash flows used and budgeted EBITDA growth rate
- discount rate; and
- terminal growth rate

The carrying value of goodwill arising on acquisitions is £38,612,955 being the fair value of consideration payable (£50,000,000) less the net assets on acquisition (£11,387,045). No impairment is indicated by the value in use calculation.

Number of years of cash flows used and budgeted growth rate

The recoverable amount of the CGU is based on a value in use calculation using specific cash flow projections over a five year period and a terminal growth rate thereafter.

The five year forecast is prepared considering the Directors' expectations based on market knowledge, numbers of new engagements and the pipeline of opportunities.

Discount rate

The Group's post-tax weighted average cost of capital has been used to calculate a discount rate of 10%, which reflects current market assessments of the time value of money for the period under review and the risks specific to the Group.

Terminal growth rate

An appropriate terminal growth rate is selected, based on the Directors' expectations of growth beyond the five year period. The terminal growth rate used is 2%.

Sensitivity to changes in assumptions

With regard to the value in use assumptions, the Directors believe that reasonably possible changes in any of the above key assumptions would not cause the carrying value of the unit to exceed its recoverable amount. In forming this view, the Directors have considered that:

- On current cash flow projections, the discount rate would have to exceed 24% for there to be any impairment; and
- Even in the case of no increase in future cash flows above those projected for the year ending 31 December 2020, the discount rate would have to exceed 12% for there to be

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any impairment.

12. Tangible assets

	Right of use asset £	Furniture and fittings £	Leasehold improvements £	Computer Equipment £	Total £
Cost					
On incorporation	—	—	—	—	—
Acquisition of business	5,918,591	65,112	499,084	50,778	6,533,565
Additions	—	—	—	4,975	4,975
Disposals	—	—	—	—	—
At 31 December 2019	5,918,591	65,112	499,084	55,753	6,538,540
Depreciation					
On incorporation	—	—	—	—	—
Charge for the period	263,049	25,234	72,016	20,345	380,644
At 31 December 2019	263,049	25,234	72,016	20,345	380,644
Net book value					
On incorporation	—	—	—	—	—
At 31 December 2019	5,655,542	39,878	427,068	35,408	6,157,896

The net book value of tangible assets includes an amount of £577,178 as at 31 December 2019, in relation to assets held under finance leases and hire purchase contracts.

The lease liability in respect of the right-of-use asset was £5,711,949 as at 31 December 2019. As disclosed in the summary of significant accounting policies, the discount rate used in determining the present value of the lease liability was 5%. The interest expense recognised in the statement of comprehensive income for the period ended 31 December 2019 was £140,290.

13. Investments in subsidiaries

	Total £
Cost	
On incorporation	—
Acquisition of business	4,174,851
	4,174,851
Carrying amount	
On incorporation	—
At 31 December 2019	4,174,851

The undertakings in which the Company's interest at the year-end is 20 percent or more are as follows:

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<i>Subsidiary undertakings</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Registered office</i>	At 31 December 2019
Elix-IRR Consulting Services Limited	England and Wales	Services to the Group	12 Helmet Row, London, EC1V 3QJ	100%
Elix-IRR Consulting Services (South Africa) Limited	England and Wales	Services to the Group	12 Helmet Row, London, EC1V 3QJ	100%
Elixirr LLC	United States	Consultancy	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	100%
Elixirr Consulting AI Limited	England and Wales	Dormant activities	12 Helmet Row, London, EC1V 3QJ	100%
Elixirr Creative Limited	England and Wales	Information technology consultancy	12 Helmet Row, London, EC1V 3QJ	100%
Den Creative Limited	England and Wales	Information technology consultancy	12 Helmet Row, London, EC1V 3QJ	100%
Elixirr Services Limited	England and Wales	Dormant activities	12 Helmet Row, London, EC1V 3QJ	100%

14. Receivables

Non-current assets

	As at 31 December 2019
	£
Other receivables	416,318
	<u>416,318</u>

Current assets

	As at 31 December 2019
	£
Trade receivables	3,668,372
Contract assets	71,583
Amounts owed by group companies	7,278,350
Other receivables	1,065,307
	<u>12,083,612</u>

All of the trade receivables were non-interest bearing and receivable under normal commercial terms. The management consider that the carrying value of trade and other receivables

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approximates to their fair value. The carrying value of non-current other receivables is considered to be the fair value. The carrying value of non-current other receivables is considered to be the fair value but has not been discounted to present value.

The impairment loss recognised in the income statement for the period in respect of bad and doubtful trade receivables was £8,800.

The ageing of trade receivables of the Group is detailed below:

As at 31 December 2019

	< 30 days £	< 60 days £	< 90 days £	< 180 days £	> 180 days £	Total £
Gross carrying amount	3,340,795	263,677	63,900	—	—	3,668,372

15. Cash and cash equivalents

	As at 31 December 2019 £
Cash at bank and in hand	1,203,731

Cash at bank earns interest at floating rates based on daily bank deposit rates.

16. Trade and other payables

	As at 31 December 2019 £
Current liabilities	
Trade payables	224,948
Other taxes and social security costs	500,567
Amounts owed to group companies	7,178,969
Other payables and accruals	1,387,028
	<u>9,291,512</u>

The fair value of trade and other payables approximates to book value at the period end. Trade payables are non-interest bearing and are normally settled monthly.

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17. Loans and borrowings

	As at 31 December 2019 £
Current liabilities	
Bank loan	750,000
Lease liabilities	579,635
	<u>1,329,635</u>
	As at 31 December 2019 £
Non-current liabilities	
Preference shares treated as liability	6,500,000
Lease liabilities	5,285,741
Bank loan	875,000
	<u>12,660,741</u>

A bank loan of £2,000,000, to be repaid over 3 years was drawn on 9 July 2019. £750,000 of the outstanding balance is due for repayment within one year with the remainder due for repayment over the period to March 2022. Interest accrues on the loan principal at 3.25% over LIBOR. 50% of the loan is guaranteed by certain shareholders.

The preference shares treated as a liability represents the fair value of the debt element of the 10% non-redeemable cumulative preference shares at date of issue of £6,500,000. See note 21 for the rights associated with these shares.

18. Provisions

	As at 31 December 2019 £
Dilapidations provision	147,730
	<u>147,730</u>

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Period ended 31 December 2019

19. Financial instruments

The Company's financial instruments may be analysed as follows:

	As at 31 December 2019 £
Financial assets	
Financial assets that are debt instruments measured at amortised cost	13,515,404
Financial liabilities	
Financial liabilities measured at amortised cost	22,781,322

Financial assets measured at amortised cost comprise cash, trade receivables, intercompany receivables and other receivables.

Financial liabilities measured at amortised cost comprise loans and borrowings, trade payables, preference share liability, intercompany loans and other payables.

The fair values of all financial assets and liabilities approximates to their carrying value.

20. Related party disclosures

Key management personnel include the directors and senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group.

Loans were made to key management personnel during the period and a balance remained outstanding at the period end as follows:

	As at 31 December 2019 £
At beginning of the period	-
Loans advanced	169,876
Loan repayments received	-
	169,876

The Company made payments on behalf of a related party, Elixirr Partners LLP, totalling net £816,196 during the period. This amount is included in current receivables (£816,196) at 31 December 2019.

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21. Share capital and merger relief reserve

As at 31 December 2019				
	Authorised shares Number	Issued shares Number	Par value £	Merger relief reserve £
Ordinary shares				
A Class	1,000	1,000	1,000	14,913,900
B Class	1,500	1,350	1,350	20,153,920
10% non-redeemable cumulative preference shares	1,000	1,000	1,000	8,428,830
	<u>3,500</u>	<u>3,350</u>	<u>3,350</u>	<u>43,496,650</u>
Movement in class A ordinary shares				
	Number of shares Number	Par value Number	Merger relief reserve £	Total £
On incorporation	1	1	—	1
Share issue/exchange	999	999	14,913,900	14,914,899
Balance at 31 December 2019	<u>1,000</u>	<u>1,000</u>	<u>14,913,900</u>	<u>14,914,900</u>
Movement in class B ordinary shares				
	Number of shares Number	Par value Number	Merger relief reserve £	Total £
On incorporation	—	—	—	—
Share issue/exchange	1,350	1,350	20,153,920	20,155,270
Balance at 31 December 2019	<u>1,350</u>	<u>1,350</u>	<u>20,153,920</u>	<u>20,155,270</u>
Movement in preference shares				
	Number of shares Number	Par value Number	Merger relief reserve £	Total £
On incorporation	—	—	—	—
Share issue/exchange	1,000	1,000	8,428,830	8,429,830
Balance at 31 December 2019	<u>1,000</u>	<u>1,000</u>	<u>8,428,830</u>	<u>8,429,830</u>

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Ordinary shares

Class A shares have a par value of £1. They do not entitle the holder to participate in dividends nor share in the proceeds of winding up the company. On a show of hands every holder of class A ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

Class B shares have a par value of £1. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amount paid on the shares held. These rights are subject to the prior entitlements of the 10% non-redeemable cumulative preference shares. There are no voting rights attached to the class B ordinary shares.

Preference shares

The 10% non-redeemable cumulative preference share balance represents the fair value of the equity element of the preference shares at date of issue of £8,429,830. The shares are entitled to dividends at the rate of 10% of the Group's adjusted profit after tax per annum. If insufficient profits are available in a particular financial year, the dividends accumulate and are payable when sufficient profits are available. The shares do not participate in the winding up of the company and have no voting rights attached to them.

22. Reserves

Merger relief reserve – This reserve records the amounts above the nominal value received for shares sold, less transaction costs in accordance with section 610 of the Companies Act 2006.

Retained earnings – This reserve records retained earnings and accumulated losses less dividends.

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23. Business combinations

On 1 July 2019, Elixirr Consulting Limited, acquired the business and substantially all the assets (including shares in subsidiary companies) of Elixirr Partners LLP. The consideration for the transaction was in shares of Elixirr Consulting Limited.

In calculating the goodwill arising, the fair value of the net assets of Elixirr Partners LLP and the underlying subsidiaries have been assessed, and fair value adjustments were made to the trademarks, right-of-use assets and deferred taxation acquired.

	Fair value £
<i>Non-current assets</i>	
Tangible assets	6,533,565
Intangible assets	7,135,000
Investment in subsidiaries	4,174,851
Other debtors	416,318
	18,259,734
<i>Current assets</i>	
Trade and other receivables	5,294,244
Cash and cash equivalents	-
	5,294,244
Total assets	23,553,978
<i>Non-current liabilities</i>	
Loans and borrowings	5,773,036
Deferred tax liability	631,237
Provisions	147,730
	6,552,003
<i>Current liabilities</i>	
Trade and other payables	5,197,310
Loans and borrowings	417,620
	5,614,930
Total liabilities	12,166,933
Fair value of net assets acquired	11,387,045
Goodwill (note 11)	38,612,955
	-
Fair value of purchase consideration	50,000,000
	-
Cash and cash equivalents in subsidiary acquired	-

Elixirr Consulting Limited

Notes to the Financial Statements

Period ended 31 December 2019

24. Events after the balance sheet date

On 12 June 2020, there was a redesignation of each A ordinary share (1,000), B ordinary share (1,350) and preference shares (1,000) to 3,350 Ordinary Shares on the basis of one A ordinary share, one B ordinary share and one preference share to one Ordinary Share.

On 12 June 2020, a share premium reduction of £15,000,000 took place whereby the Company reduced its merger relief reserve and credited retained earnings with the same amount.

On 9 July 2020, the ultimate controlling party (Elixirr International Plc) raised net proceeds of £18.1m through an initial public offering (IPO) on the Alternative Investment Market (AIM).

On 15 July 2020, the Company repaid the bank loan disclosed in note 17 to the financial statements.

Subsequent to the year end a pandemic was declared regarding COVID-19 which is treated in these financial statements as a non-adjusting post balance sheet event. No post balance sheet date activities materially affect the position of Elixirr Consulting Limited.

25. Ultimate controlling party

The Company's ultimate parent company and immediate controlling party is Elixirr International Plc (company number 11723404), incorporated in the United Kingdom. The registered office of Elixirr International Plc is 12 Helmet Row, London, EC1V 3QJ. Copies of the group financial statements of Elixirr International Plc are available from The Registrar of Companies (England and Wales).