

Registered number: 07127114

See note 13, page 42 for exemption

360Globalnet Ltd

Annual report and consolidated financial statements

For the Year Ended 31 December 2019

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360Globalnet Ltd

Company Information

Directors

J Harding
N P K Montgomery
P A Stanley
S C Yun-Farmbrough

Company secretary

Mrs J B Tyler

Registered number

07127114

Registered office

Bourne House
475 Godstone Road
Whyteleafe
Surrey
CR3 0BL

Independent auditors

Kreston Reeves LLP
Chartered Accountants & Statutory Auditor
Springfield House
Springfield Road
Horsham
RH12 2RG

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**Strategic Report
For the Year Ended 31 December 2019**

Introduction

360Globalnet Limited and the group is the provider of market leading technology focused particularly on the Insurance Sector. The opportunity addressed by this technology is the end to end digital management of insurance claims. Our "No code" platform (meaning business people can design, build and implement process and workflow at the desktop in plain English without specialist IT programming knowledge) allows clients to react immediately to moving market conditions, automating tasks and orchestrating all claim participants. Our advanced video and imagery capability enables better, faster and more informed claim settlement.

We sell this technology as a service, using a "pay as you go" or subscription business model. As well as delivering benefits within weeks rather than years, the client avoids the burden of a substantial licence fee. Switching from the traditional licence fee model to "pay as you go" can bring challenges. The challenge for 360Globalnet Limited is to build its recurring revenue streams to a point where critical mass is achieved. 2019 has been a critical year towards achieving this goal.

Business review

Insurers have been slow to recognise the benefits of digitisation, super-charged by no-code architecture. The past has revealed a relatively benign market environment with complex internal structures and systems and no pressing need to change. But that was the past. Now insurers need to reduce costs while at the same time improving the customer experience.

We have been able to demonstrate significant cost savings in operations, claims cost, IT and fraud detection. We can also demonstrate a significant increase in the Net Promoter Scores from an industry average of 42 to in excess of 70. These savings and benefits are available now using our platform alongside the client's existing installation. Processes are simplified, the inflexibility of legacy systems is overcome, resources can be channelled into considering the complexities of retaining and winning business rather than the complexities of inflexible internal structures.

2019 has seen a paradigm shift within our market with the realisation that processes must change to respond to this new digital "want it now" world. Not only must the processes change but profits need to be preserved and customer attrition controlled.

Financial key performance indicators

360Globalnet Limited has developed a no-code platform with fraud detection functionality. It continues to broaden the scope of this platform. The overhead associated with this development is essentially fixed and is primarily people. Our mission now is to sell the use of this platform in the form of recurring revenue to cover and exceed these costs. In 2018 sales increased by 24% to £5.9 million with a loss £1.6 million and a negative EBITDA of £0.9 million. In 2019 sales increased by 51% to £9 million with the loss reducing to £0.2 million and a positive EBITDA of £1.2 million. These are the key indicators that evidence the business's arrival at a significant inflexion point in the market's realisation as to the importance of digitisation and no code.

Principal risks and uncertainties

360Globalnet Limited, although growing rapidly is still a relatively small and growing business. The insurance industry is recognised to be a robust performer during times of financial uncertainty. The platform has proved itself with significant players within this industry. The business is inevitably dependent on the skills of those within it. There is an implicit vulnerability if certain key staff members were to leave. However, we have taken every precaution to guard against this eventuality by looking after our staff and our churn rate is low.

Strategic Report (continued)
For the Year Ended 31 December 2019

Directors' statement of compliance with duty to promote the success of the Group

The Board of Directors of 360Globalnet Limited consider that they have fulfilled their individual and collective duty under section 172(1) of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of shareholders as a whole in decisions made in the year to 31 December 2019. In addition, the Board of Directors has prepared a plan for 2020-2025 which it is committed to implement ("plan").

Our plan is designed to deliver clearly observable and measurable benefits for our clients within the insurance sector. Such benefits include remote working, virtual visits and cost control by activity within a secure environment supplied by Amazon Web Services. We have a dedicated compliance officer and the service has ISO27001 certification. This business model limits the need for physical travel, substantially eliminates the need for a paper trail and allows policyholders to respond on a device of their choice at times convenient to them. The board view this strategy as innovative, market leading and of considerable value to shareholders in the medium to long term.

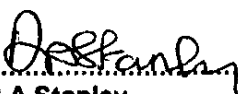
In addition to commercial benefits, our plan delivers to our clients and their associates, a positive footprint for the environment and as such contributes to their wider societal responsibilities.

Our employees provide an essential element to achieving our plan. We endeavour to be a responsible employer in our approach to salaries and benefits. The health and safety of our employees is key to the way we do business. We have a staff manual that clearly states how the business relates to its employees supplemented by additional policy statements as appropriate.

As a Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible way, operating within the high standards of business conduct and good governance expected for a business such as ours. The intention is to nurture our reputation, through both the construction and implementation of our plan in a way that reflects responsible behaviour.

As a Board of Directors, our intention is to behave responsibly towards our shareholders and treat them fairly and equally, so they too may benefit from the delivery of our plan.

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

.....

P A Stanley

Director

Date: 26 October 2020

**Directors' Report
For the Year Ended 31 December 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

The principal activity of 360Globalnet Ltd and its subsidiaries (the Group) is the provision of digital online platform technology specifically in relation to the insurance industry. This has also been extended to include the provision of claims handling and repair services.

Directors

The directors who served during the year were:

J Harding
N P K Montgomery
P A Stanley
S C Yun-Farmbrough

Directors' responsibilities statement

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

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for that period. In preparing the consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- assess the Company and the Group'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 and the Group 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 and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £175,504 (2018 - loss £1,564,322).

Directors' Report (continued)
For the Year Ended 31 December 2019

Future developments

The Group continues to take on new high-profile customers in Europe, the US and Australia. Claims handling and repair services have also grown significantly and are currently experiencing a surge of subsidence claims and associated investigation work due to the dry spring and summer experienced this year. The impact of Covid-19 has been disclosed under the Post year end events heading.

Software development activities

360Globalnet Ltd continually seeks to advance its technology. Security and integration have been a theme for this year. This has involved the development of a framework to enable system administrators to have better control over all patch management processes while at the same time keeping the endpoints secure and continuously up to date. This new unified solution has the ability to integrate with third party APIs and continuously probe the patch database for newly released patches and vulnerabilities. There is no similar solution available in the market that fits the company's particular application stack.

Disclosure of information to auditors

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

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

Post year end events

There have been three post balance sheet events since the year end.

Firstly Covid-19 has impacted the UK and worldwide economies. Whilst the company and group saw a short term fall in business, operations are now continuing. In the medium term Covid-19 is accelerating many technological aspects of the economy and this should benefit the group.

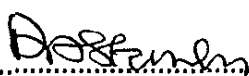
Secondly post year end the company has entered into negotiations for a loan extension for the amount repayable on 1 March 2021 (see note 3.1 and 19). Whilst no agreement has been signed, management are confident that the loan term will be extended.

Finally the company has issued new shares post year end. It has issued 951 shares for consideration of £2,443,756.

Auditors

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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


.....

P A Stanley
Director
Date: 26 October 2020

Independent Auditors' Report to the Members of 360Globalnet Ltd

Qualified opinion

We have audited the financial statements of 360Globalnet Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statement of Cash Flows, the Consolidated and Parent Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies set out on pages 22 - 29. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Except for the effects of the matter described in the 'Basis for qualified opinion' section of our report, in our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

Our opinion on the financial statements for the year ended 31 December 2018 was qualified due to the audit evidence available to us being limited because the directors had not undertaken an impairment review in respect of the group and parent company's investment in Available for Sale financial assets with a carrying value of £100,000 in the financial statements. We considered that the directors had not taken adequate steps to satisfy themselves that it was appropriate not to recognise any provision for impairment in respect of this financial asset, and that the requirements of IAS39 had not been complied with in this regard, and consequently we were unable to assess whether the value of the asset could be supported. Our opinion on the financial statements for the year ended 31 December 2018 was modified accordingly. Our opinion on the current year's financial statements is also modified on the basis that the prior year may contain a material error. In addition, were any adjustments required to be made to the prior year comparatives, the Group strategic report and Directors' report would also need to be amended.

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

Independent Auditors' Report to the Members of 360Globalnet Ltd (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves that the prior year balances do not contain a material error in the Available for sale financial asset with a carrying value of £100,000.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent Auditors' Report to the Members of 360Globalnet Ltd (continued)

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

Arising solely from the limitation on the scope of our audit work relating to the carrying value of Available for sale financial assets included in the 2018 financial statements, referred to above, we have not obtained all the information and explanations that we considered necessary for the purposes of our audit for the prior financial year.

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 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 obtained all the information and explanations that we require for our audit for the current financial year.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 5, 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.

Auditors' responsibilities for the audit of the financial statements

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

Independent Auditors' Report to the Members of 360Globalnet Ltd (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain 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 of the effectiveness of the Group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.
- Evaluate 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



Graham Hunt BA FCA (Senior Statutory Auditor)
for and on behalf of
Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
Horsham

30 October 2020

**Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2019**

	Note	2019 £	2018 £
Revenue	6	9,048,362	5,985,835
Cost of sales		<u>(3,811,444)</u>	<u>(3,220,062)</u>
Gross profit		5,236,918	2,765,773
Administrative expenses		<u>(4,548,263)</u>	<u>(4,136,118)</u>
Profit/(loss) from operations		688,655	(1,370,345)
Finance income	9	225,582	201,362
Finance expense	9	<u>(1,463,255)</u>	<u>(822,513)</u>
Loss before tax		(549,018)	(1,991,496)
Tax credit	10	<u>373,514</u>	<u>427,174</u>
Loss for the year		(175,504)	(1,564,322)
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
Exchange gains/(losses) arising on translation on foreign operations		<u>24,678</u>	<u>(14,122)</u>
		24,678	(14,122)
Other comprehensive income for the year, net of tax		24,678	(14,122)
Total comprehensive income		<u>(150,826)</u>	<u>(1,578,444)</u>

**Consolidated Statement of Financial Position
As at 31 December 2019**

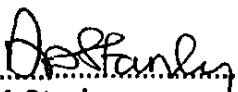
	Note	2019 £	2018 £
Assets			
Non-current assets			
Property, plant and equipment	11	427,818	250,043
Intangible assets	12	6,661,440	5,529,351
Other non-current investments	15	100,000	100,000
		<u>7,189,258</u>	<u>5,879,394</u>
Current assets			
Inventories	16	6,452	7,725
Trade and other receivables	17	10,404,309	9,849,912
Income tax asset		387,289	440,949
Cash and cash equivalents	27	767,315	666,488
		<u>11,565,365</u>	<u>10,965,074</u>
Total assets		<u>18,754,623</u>	<u>16,844,468</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	19	14,859,249	13,385,876
Deferred tax liability	10	54,106	54,106
		<u>14,913,355</u>	<u>13,439,982</u>
Current liabilities			
Trade and other liabilities	18	2,038,053	1,598,044
Loans and borrowings	19	162,762	15,163
		<u>2,200,815</u>	<u>1,613,207</u>
Total liabilities		<u>17,114,170</u>	<u>15,053,189</u>
Net assets		<u>1,640,453</u>	<u>1,791,279</u>

360Globalnet Ltd
Registered number: 07127114

Consolidated Statement of Financial Position (continued)
As at 31 December 2019

	Note	2019 £	2018 £
Issued capital and reserves attributable to owners of the parent	22		
Share capital	21	17,512	17,512
Share premium reserve		11,129,370	11,129,370
Capital redemption reserve		5,648	5,648
Foreign exchange reserve		14,589	(10,089)
Retained earnings		(9,526,666)	(9,351,162)
TOTAL EQUITY		1,640,453	1,791,279

The financial statements on pages 11 to 55 were approved and authorised for issue by the board of directors and were signed on its behalf by:



P A Stanley
 Director
 Date: 26 October 2020

**Company Statement of Financial Position
As at 31 December 2019**


	Note	2019 £	2018 £
Assets			
Non-current assets			
Property, plant and equipment	11	369,651	210,528
Intangible assets	12	6,111,953	4,979,851
Investments in subsidiaries	13	777,228	777,228
Other non-current investments	15	100,000	100,000
		<u>7,358,832</u>	<u>6,067,607</u>
Current assets			
Inventories	16	2,710	2,710
Trade and other receivables	17	11,483,706	10,720,390
Income tax asset		387,289	440,949
Cash and cash equivalents	28	278,376	289,578
		<u>12,152,081</u>	<u>11,453,627</u>
Total assets		<u>19,510,913</u>	<u>17,521,234</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	19	14,847,923	13,385,876
Deferred tax liability	10	37,826	37,826
		<u>14,885,749</u>	<u>13,423,702</u>
Current liabilities			
Trade and other liabilities	18	1,878,766	1,310,715
Loans and borrowings	19	153,166	12,086
		<u>2,031,932</u>	<u>1,322,801</u>
Total liabilities		<u>16,917,681</u>	<u>14,746,503</u>
Net assets		<u>2,593,232</u>	<u>2,774,731</u>

360Globalnet Ltd
Registered number: 07127114

Company Statement of Financial Position (continued)
As at 31 December 2019

	Note	2019 £	2018 £
Issued capital and reserves attributable to owners of the parent	22		
Share capital	21	17,512	17,512
Share premium reserve		11,129,370	11,129,370
Capital redemption reserve		5,648	5,648
Retained earnings		(8,559,298)	(8,377,799)
TOTAL EQUITY		2,593,232	2,774,731

The financial statements on pages 11 to 55 were approved and authorised for issue by the board of directors and were signed on its behalf by:


.....
P A Stanley
Director
Date: 26 October 2020

**Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2019**

	Share capital £	Share premium £	Capital redemption reserve £	Foreign exchange reserve £	Retained earnings £	Total attributable to equity holders of parent £	Total equity £
At 1 January 2018	17,512	11,129,370	5,648	4,033	(7,786,840)	3,369,723	3,369,723
Comprehensive income for the year							
Loss for the year	-	-	-	-	(1,564,322)	(1,564,322)	(1,564,322)
Other comprehensive income	-	-	-	(14,122)	-	(14,122)	(14,122)
Total comprehensive income for the year	-	-	-	(14,122)	(1,564,322)	(1,578,444)	(1,578,444)
At 31 December 2018	17,512	11,129,370	5,648	(10,089)	(9,351,162)	1,791,279	1,791,279
At 1 January 2019	17,512	11,129,370	5,648	(10,089)	(9,351,162)	1,791,279	1,791,279
Comprehensive income for the year							
Loss for the year	-	-	-	-	(175,504)	(175,504)	(175,504)
Other comprehensive income	-	-	-	24,678	-	24,678	24,678
Total comprehensive income for the year	-	-	-	24,678	(175,504)	(150,826)	(150,826)
At 31 December 2019	17,512	11,129,370	5,648	14,589	(9,526,666)	1,640,453	1,640,453

The notes on pages 20 to 55 form part of these financial statements.

**Company Statement of Changes in Equity
For the Year Ended 31 December 2019**

	Share capital £	Share premium £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 January 2018	17,512	11,129,370	5,648	(6,884,030)	4,268,500
Comprehensive income for the year					
Loss for the year	-	-	-	(1,493,769)	(1,493,769)
Total comprehensive income for the year	-	-	-	(1,493,769)	(1,493,769)
At 31 December 2018	17,512	11,129,370	5,648	(8,377,799)	2,774,731
At 1 January 2019	17,512	11,129,370	5,648	(8,377,799)	2,774,731
Loss for the year	-	-	-	(181,499)	(181,499)
Total comprehensive income for the year	-	-	-	(181,499)	(181,499)
At 31 December 2019	17,512	11,129,370	5,648	(8,559,298)	2,593,232

The notes on pages 20 to 55 form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2019

	2019 £	2018 £
Cash flows from operating activities		
Loss for the year	(175,504)	(1,564,322)
Adjustments for		
Depreciation of property, plant and equipment and amortisation of intangibles	608,764	473,907
Finance income	(225,582)	(201,362)
Finance expense	1,463,255	822,513
Gain on sale of property, plant and equipment	(3,704)	(167)
Income tax expense	(373,514)	(427,174)
	<u>1,293,715</u>	<u>(896,605)</u>
Movements in working capital:		
Increase in trade and other receivables	(554,397)	(31,303)
Decrease/(increase) in inventories	1,273	(4,115)
Increase in trade and other payables	440,009	193,607
Cash generated from operations	<u>1,180,600</u>	<u>(738,416)</u>
Income taxes received/(paid)	427,174	640,546
Net cash from/(used in) operating activities	<u>1,607,774</u>	<u>(97,870)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	8,500	2,827
Purchase of property, plant and equipment	(97,708)	(71,648)
Purchase of intangibles	(1,426,840)	(1,431,582)
Interest received	225,582	201,362
Net cash used in investing activities	<u>(1,290,466)</u>	<u>(1,299,041)</u>
Cash flows from financing activities		
Repayment of lease creditors	(178,616)	(44,855)
Interest paid	(62,545)	(822,513)
Foreign exchange (gains)/losses	24,678	(14,122)
Net cash used in financing activities	<u>(216,483)</u>	<u>(881,490)</u>
Net cash increase/(decrease) in cash and cash equivalents	<u>100,825</u>	<u>(2,278,401)</u>
Cash and cash equivalents at the beginning of year (note 27)	666,143	2,944,544
Cash and cash equivalents at the end of the year (note 27)	<u>766,968</u>	<u>666,143</u>

The notes on pages 20 to 55 form part of these financial statements.

Company Statement of Cash Flows
For the Year Ended 31 December 2019

	2019	2018
	£	£
Cash flows from operating activities		
Loss for the year	(181,499)	(1,493,769)
	<u>(181,499)</u>	<u>(1,493,769)</u>
Adjustments for		
Depreciation of property, plant and equipment and amortisation of intangibles	579,513	420,989
Finance income	(224,849)	(223,140)
Finance expense	1,433,661	821,431
(Gain)/loss on sale of property, plant and equipment	(332)	-
Net foreign exchange loss	39,469	(506)
Income tax expense	(373,514)	(427,174)
	<u>1,272,449</u>	<u>(902,169)</u>
Movements in working capital:		
(Increase) in trade and other receivables	(763,316)	(183,065)
Increase/(decrease) in trade and other payables	391,286	501
Increase/(decrease) in deferred revenue	<u>176,765</u>	<u>(44,742)</u>
Cash generated from operations	<u>1,077,184</u>	<u>(1,129,475)</u>
Income taxes received	427,174	640,546
Net cash from/ (used) in operating activities	<u>1,504,358</u>	<u>(488,929)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	5,000	-
Acquisition of property, plant and equipment	(82,459)	(62,556)
Purchase of intangibles	(1,426,840)	(1,431,582)
Interest received	224,849	223,140
Net cash used in investing activities	<u>(1,279,450)</u>	<u>(1,270,998)</u>
Cash flows from financing activities		
Repayment of lease creditors	(163,690)	(39,908)
Interest paid	(32,951)	(821,431)
Foreign exchange (gains)/losses	(39,469)	506
Net cash (used in)/from financing activities	<u>(236,110)</u>	<u>(860,833)</u>
Net cash (decrease)/increase in cash and cash equivalents	<u>(11,202)</u>	<u>(2,620,760)</u>
Cash and cash equivalents at the beginning of year	289,578	2,910,338
Cash and cash equivalents at the end of the year (note 28)	<u>278,376</u>	<u>289,578</u>

The notes on pages 20 to 55 form part of these financial statements.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

1. Reporting entity

360Globalnet Ltd (the 'Company') is a limited company incorporated in England and Wales. The Company's registered office is at Bourne House, 475 Godstone Road, Whyteleafe, Surrey, CR3 0BL. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in the provision of online technology to assist with an insurance claim process.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively 'IFRS's').

Details of the Group's accounting policies, including changes during the year, are included in note 3.

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Statement of Comprehensive Income in these financial statements. The company loss for the year is stated in the Company Statement of Changes in Equity.

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in note 5.

2.1 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

2.2 Changes in accounting policies

i) New standards, interpretations and amendments effective from 1 January 2019

IFRS 16

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. This effect is £nil due to the Right of use asset value being equal to the lease liability as at 1 January 2019.

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

On transition to IFRS 16, the Group elected to apply the following practical expedients:

- for leases previously classified as operating leases under IAS 17:
- the Group has applied a single discount rate to a portfolio of leases with similar characteristics.
- the Group has applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of remaining lease term at the date of application.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

2. Basis of preparation (continued)

2.2 Changes in accounting policies (continued)

i) New standards, interpretations and amendments effective from 1 January 2019 (continued)

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. The values of the lease liability and the right-of-use assets at the date of transition were £335,694 (group) and £302,924 (company).

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 8%.

A reconciliation between last year's operating lease commitments and the initial lease liability is set out in Note 23.

IFRIC 23

IFRIC 23 sets out how to determine the accounting tax position when there is an uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on or after 1 January 2019. This has not had an impact upon the Group's consolidated financial statements.

Annual improvements to IFRS Standards 2015-2017

The Annual Improvements include amendments to four Standards:

- IAS 12 Income Taxes
- IAS 23 Borrowing Costs
- IFRS 3 Business Combinations
- IFRS 11 Joint Arrangements

None of the amendments above have had an impact upon the Group's consolidated financial statements.

ii) New standards, interpretations and amendments not yet effective

The following standards and interpretations to published standards are not yet effective:

New standard or interpretation	EU Endorsement status	Mandatory effective date (period beginning)
Amendments to IAS 1 and IAS 8 - definition of material	Endorsed	1 January 2020
Amendments to IFRS 3 - definition of a business	Endorsed	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	Endorsed	1 January 2020

The directors anticipate that the adoption of these Standards in future periods will not have an impact on the results and net assets of the Group in the financial year they become effective.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

3. Accounting policies

3.1 Going concern

The Directors have prepared cash flow forecasts and projections for the Group covering at least 12 months from the date of approval of these financial statements. Based on these projections, and the continuing support of the Group's shareholders and investors, the Directors have a reasonable expectation the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Post year end the company has entered into negotiations for a loan extension for the amount repayable on 1 March 2021 (see note 19). Whilst no agreement has been signed, management are confident that the loan term will be extended.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

3. Accounting policies (continued)

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 3.3) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.5 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 Group recognises revenue when it transfers control over a product or service to a customer.

Revenue arises mainly from contracts for the provision of software, the handling of insurance claims and through carrying out repair work.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identify the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Where a sale may involve a range of the Group's products and services, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these as deferred income within liabilities in the statement of financial position (see Note 18). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either accrued income or a trade receivable in its statement of financial position, depending upon whether it has been invoiced or not as at the year end.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

3. Accounting policies (continued)

3.6 Leasing

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is included in the 'Loans and borrowings' line in the Consolidated Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

The right-of-use assets are included in the 'Property, Plant and Equipment' in the Consolidated Statement of Financial Position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 3.11.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

3. Accounting policies (continued)

3.7 Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.9 Employee benefits

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

3. Accounting policies (continued)

3.10 Taxation

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

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.11 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

Short-term leasehold property	Over the term of the lease
Motor vehicles	33% straight line or over the term of the lease if leased
Fixtures and fittings	15% and 33% straight line
Computer equipment and plant and machinery	10%, 15%, 25% and 33% straight line and 15%, 20% and 33% reducing balance

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

3. Accounting policies (continued)

3.12 Intangible assets

(i) Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful life as follows:

Development expenditure and intellectual property pre 2016	33% straight line
Development expenditure and intellectual property post 2016	In line with the expected pattern of benefits over a 5 year period, with no amortisation being charged until the Group begins to earn revenue from the developed software

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

3. Accounting policies (continued)

3.13 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

3.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

3.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first in, first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.16 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, and bank overdrafts.

3.17 Investments

Investments in securities are classified in initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised within income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Investments in subsidiaries are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

3. Accounting policies (continued)

3.18 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.19 Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

4. Functional and presentation currency

These consolidated financial statements are presented in pound sterling, which is the Group's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

5. Accounting estimates and judgments

5.1 Judgments and estimates

The Group makes estimates and assumptions concerning the future. Management are also required to exercise judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are set out below.

Internally generated software development expenditure and intellectual property

Due to the nature of the projects, distinguishing between the research and development phases of new customised software development projects requires the judgment of management. Once the directors consider that the expenditure meets the recognition criteria for its capitalisation as an intangible fixed asset, an assessment is made of its useful economic life and the expected pattern of revenue generation from its use. Similarly, for intellectual property, an assessment is made of its useful economic life and the expected pattern of revenue generation from its use. Impairment reviews are undertaken whenever events or changes in circumstances indicate that their carrying values may not be recoverable.

Having made appropriate assessments, the directors consider that internally generated software development expenditure and intellectual property with net book values of £4,772,865 and £1,358,459 respectively can be carried in the consolidated statement of financial position as at 31 December 2019.

Recoverability of amounts owed by related companies

Included within trade and other receivables is an amount of £8,189,998 (2018: £7,986,679) which is due from 360Shareholders Limited, a shareholder in the company. While there are no fixed repayment terms attached to the amount owed, notwithstanding the disclosure below about 360Shareholders Limited's ability to repay the balance, the debt has therefore been included as a current asset due within one year.

360Shareholders Limited currently does not receive any income and as at 31 December 2019 it has a deficit on its balance sheet of £3,244,238. In the opinion of the Directors no provision has been made against this debt as they consider that the debt will be recoverable in full from either the future payment of dividends by 360Globalnet Ltd or from the proceeds of any possible future sale by 360Shareholders Limited of its shares in 360Globalnet Ltd.

6. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations:

	2019 £	2018 £
Sale of goods	5,820,432	5,022,392
Fees receivable	3,227,930	963,443
	<u>9,048,362</u>	<u>5,985,835</u>

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

6. Revenue (continued)

Analysis of revenue by country of destination:

	2019 £	2018 £
United Kingdom	8,530,549	5,610,378
Rest of Europe	357,380	294,549
Rest of the world	160,433	80,908
	<u>9,048,362</u>	<u>5,985,835</u>

Timing of revenue recognition:

	2019 £	2018 £
Goods and services transferred at a point in time	5,505,987	4,356,856
Goods and services transferred over time	3,542,375	1,628,979
	<u>9,048,362</u>	<u>5,985,835</u>

7. Operating loss

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation	314,013	177,658
Amortisation	294,751	296,249
Difference on foreign exchange	39,709	(380)
(Gain)/loss on sale of tangible assets	(3,704)	2,493
Auditor's remuneration - audit fees	24,000	23,000
Auditor's remuneration - other fees	25,510	24,745
	<u>694,279</u>	<u>523,765</u>

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

8. Employee benefit expenses

Group

	2019 £	2018 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	3,662,063	3,148,214
National insurance	405,136	356,197
Defined contribution pension cost	177,173	179,305
Private health expense	157,393	113,885
Wage costs capitalised as development costs	(1,338,302)	(1,311,209)
	<u>3,063,463</u>	<u>2,486,392</u>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel is deemed to be solely the directors of the company.

	2019 £	2018 £
Wages and salaries	389,410	418,931
Defined contribution scheme costs	43,279	37,382
Wage costs capitalised as development costs	(67,646)	(142,418)
	<u>365,043</u>	<u>313,895</u>

The monthly average number of persons, including the directors, employed by the Group during the year was as follows:

	2019 No.	2018 No.
Employees	64	51
	<u>64</u>	<u>51</u>

The highest paid director received remuneration of £115,000 (2018 - £121,635).

The highest paid director received employer's pension contributions of £11,500 (2018 - £12,163).

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

9. Finance income and expense

Recognised in profit or loss

	2019	2018
	£	£
Finance income		
Interest on:		
- Bank deposits	516	2,924
Total bank interest income	516	2,924
Other interest receivable	225,066	198,438
Total finance income	225,582	201,362
Finance expense		
Bank interest payable	-	2,309
Right of use asset and finance lease interest	25,163	389
Other loan interest payable	1,438,092	819,815
Total finance expense	1,463,255	822,513
Net finance expense recognised in profit or loss	(1,237,673)	(621,151)

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

10. Tax expense

10.1 Income tax recognised in profit or loss

	2019 £	2018 £
Current tax		
Current tax credit on loss for the year	(373,514)	(427,174)
Total current tax	(373,514)	(427,174)
	(373,514)	(427,174)
	(373,514)	(427,174)
 Total tax credit	 (373,514)	 (427,174)
	(373,514)	(427,174)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	2019 £	2018 £
Loss for the year	(175,504)	(1,564,322)
Income tax credit/expense (including income tax on associate, joint venture and discontinued operation)	(373,514)	(427,174)
Loss before income taxes	(549,018)	(1,991,496)
Tax using the Company's domestic tax rate of 19% (2018:19%)	(104,313)	(378,384)
Expenses not deductible for tax purposes	118,911	3,073
Adjustments to tax charge in respect of prior periods	-	(21,132)
Adjustment in research and development tax credit leading to an increase/(decrease) in the tax charge	(549,829)	(427,174)
Losses surrendered at a lower rate for R&D tax credit	115,918	328,528
Unrelieved loss in foreign subsidiaries and no deferred taxation asset recognised	84,448	-
Deferred taxation not recognised in respect of accelerated capital allowances	(38,649)	67,915
Total tax expense	(373,514)	(427,174)

Changes in tax rates and factors affecting the future tax charges

At the reporting date, deferred tax assets of £1,462,753 (2018: £1,308,779) have not been provided for in respect of tax losses being carried forward of £7,698,699 (2018: £7,698,699). The movement in the unrecognised asset value is due to a change in corporation tax rate. These tax losses can be used to offset any future profits made.

Legislative changes in the UK have been enacted which restrict the utilisation of losses brought forward as of 1 April 2017 by 50%. The extent of UK taxable profits utilised in subsequent years may be subject to variability, impacting the Group's tax charge.

Future tax charges will be affected by the availability of Group relief. This allows for the offsetting of losses

Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019

10. Tax expense (continued)

10.1 Income tax recognised in profit or loss (continued)

in one Group Company to be offset against the profits in another Group Company.

10.2 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	2019 £	2018 £
Deferred tax liabilities	(54,106)	(54,106)
	<u>(54,106)</u>	<u>(54,106)</u>
	<u><u>(54,106)</u></u>	<u><u>(54,106)</u></u>
	Opening balance £	Closing balance £
2019		
Accelerated capital allowances in respect of property, plant and equipment	54,106	54,106
	<u>54,106</u>	<u>54,106</u>
	<u><u>54,106</u></u>	<u><u>54,106</u></u>
	Opening balance £	Closing balance £
2018		
Accelerated capital allowances in respect of property, plant and equipment	54,106	54,106
	<u>54,106</u>	<u>54,106</u>
	<u><u>54,106</u></u>	<u><u>54,106</u></u>

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

11. Property, plant and equipment

Group

	Short-term leasehold property £	Computer equipment and plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost or valuation					
At 1 January 2018	-	1,206,248	67,522	7,891	1,281,661
Additions	-	67,226	-	4,422	71,648
Disposals	-	-	(5,750)	-	(5,750)
At 31 December 2018	-	1,273,474	61,772	12,313	1,347,559
Additions	63,183	90,462	-	7,245	160,890
Brought in on adoption of IFRS 16 (note 2.2)	191,762	-	143,932	-	335,694
Disposals	-	(265)	(21,000)	-	(21,265)
At 31 December 2019	254,945	1,363,671	184,704	19,558	1,822,878
	£	£	£	£	Total £
Accumulated depreciation and impairment					
At 1 January 2018	-	887,440	32,505	3,003	922,948
Charge owned for the year	-	161,148	13,358	3,152	177,658
Disposals	-	-	(3,090)	-	(3,090)
At 31 December 2018	-	1,048,588	42,773	6,155	1,097,516
Charge owned for the year	-	145,127	5,953	4,699	155,779
Charge leased for the year	101,421	-	56,813	-	158,234
Disposals	-	(137)	(16,332)	-	(16,469)
At 31 December 2019	101,421	1,193,578	89,207	10,854	1,395,060
Net book value					
At 1 January 2018	-	318,808	35,017	4,888	358,713
At 31 December 2018	-	224,886	18,999	6,158	250,043
At 31 December 2019	153,524	170,093	95,497	8,704	427,818

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

11. Property, plant and equipment (continued)

11.1. Split of assets owned and held under leases

The net book value of owned and leased assets included as "Property, plant and equipment" in the Consolidated Statement of Financial Position is as follows:

	31 December 2019 £
Property, plant and equipment owned	187,175
Property, plant and equipment on leases	240,643
	<u>427,818</u>

Information about right-of-use assets is summarised below:

Net book value

	31 December 2019 £
Short-term leasehold property	153,524
Motor vehicles	87,119
	<u>240,643</u>

Depreciation charge for the year ended

	31 December 2019 £
Short-term leasehold property	101,421
Motor vehicles	56,813
	<u>158,234</u>

11.2 Assets pledged as security

The Group's total property, plant and equipment with a carrying value of £427,818 (2018 - £250,043) has been pledged as security for borrowings.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

11. Property, plant and equipment (continued)

Company

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2018	-	1,011,964	24,600	7,142	1,043,706
Additions	-	58,231	-	4,325	62,556
At 31 December 2018	-	1,070,195	24,600	11,467	1,106,262
Additions	63,183	75,214	-	7,245	145,642
Brought in on adoption of IFRS 16 (note 2.2)	191,762	-	111,162	-	302,924
Disposals	-	-	(21,000)	-	(21,000)
At 31 December 2019	254,945	1,145,409	114,762	18,712	1,533,828
	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Accumulated depreciation and impairment					
At 1 January 2018	-	723,563	9,433	5,009	738,005
Charge owned for the year	-	148,817	6,999	1,913	157,729
At 31 December 2018	-	872,380	16,432	6,922	895,734
Charge owned for the year	-	131,129	3,500	3,480	138,109
Charge leased for the year	101,421	-	45,245	-	146,666
Disposals	-	-	(16,332)	-	(16,332)
At 31 December 2019	101,421	1,003,509	48,845	10,402	1,164,177
Net book value					
At 1 January 2018	-	288,401	15,167	2,133	305,701
At 31 December 2018	-	197,815	8,168	4,545	210,528
At 31 December 2019	153,524	141,900	65,917	8,310	369,651

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

11. Property, plant and equipment (continued)

11.3. Split of assets owned and held under leases

The net book value of owned and leased assets included as "Property, plant and equipment" in the Company Statement of Financial Position is as follows:

	31 December 2019 £
Property, plant and equipment owned	150,210
Property, plant and equipment on leases	219,441
	<u>369,651</u>

Information about right-of-use assets is summarised below:

Net book value

	31 December 2019 £
Short-term leasehold property	153,524
Motor vehicles	65,917
	<u>219,441</u>

Depreciation charge for the year ended

	31 December 2019 £
Short-term leasehold property	101,421
Motor vehicles	45,245
	<u>146,666</u>

11.4 Assets pledged as security

The Company's total property, plant and equipment with a carrying value of £369,651 (2018 - £210,528) has been pledged as security for borrowings.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

12. Intangible assets

Group

	Goodwill £	Internally generated software development expenditure £	Intellectual property £	Total £
Cost				
At 1 January 2018	788,896	4,951,625	1,500,000	7,240,521
Additions - external	-	20,000	-	20,000
Additions - internal	-	1,411,582	-	1,411,582
At 31 December 2018	788,896	6,383,207	1,500,000	8,672,103
Additions - internal	-	1,426,840	-	1,426,840
At 31 December 2019	788,896	7,810,047	1,500,000	10,098,943
	£	£	£	Total £
Accumulated amortisation and impairment				
At 1 January 2018	258,780	2,587,723	-	2,846,503
Charge for the year - owned	-	249,275	46,974	296,249
At 31 December 2018	258,780	2,836,998	46,974	3,142,752
Charge for the year - owned	-	200,184	94,567	294,751
At 31 December 2019	258,780	3,037,182	141,541	3,437,503
Net book value				
At 1 January 2018	530,116	2,363,902	1,500,000	4,394,018
At 31 December 2018	530,116	3,546,209	1,453,026	5,529,351
At 31 December 2019	530,116	4,772,865	1,358,459	6,661,440

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

12. Intangible assets (continued)

Company

	Internally generated software development expenditure £	Intellectual property £	Total £
Cost			
At 1 January 2018	4,049,923	1,485,000	5,534,923
Additions - external	20,000	-	20,000
Additions - internal	1,411,582	-	1,411,582
At 31 December 2018	5,481,505	1,485,000	6,966,505
Additions - internal	1,426,840	-	1,426,840
At 31 December 2019	6,908,345	1,485,000	8,393,345
	Internally generated software development expenditure £	Intellectual property £	Total £
Amortisation			
At 1 January 2018	1,723,394	-	1,723,394
Charge for the year - owned	216,286	46,974	263,260
At 31 December 2018	1,939,680	46,974	1,986,654
Charge for the year - owned	200,171	94,567	294,738
At 31 December 2019	2,139,851	141,541	2,281,392
Net book value			
At 1 January 2018	2,326,529	1,485,000	3,811,529
At 31 December 2018	3,541,825	1,438,026	4,979,851
At 31 December 2019	4,768,494	1,343,459	6,111,953

Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019

13. Subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)	
			2019	2018
1) 360Intellimation Ltd	Company data management	United Kingdom	100	100
2) 360Siteview Ltd	The use of live video streaming technology	United Kingdom	100	100
3) 360Corporate Ltd	Specialist consultancy services	United Kingdom	100	100
4) 360Spatial Limited	Geographic information systems and mappings	United Kingdom	100	100
5) 360Capital Ltd	Facilitating asset leasing	United Kingdom	100	100
6) 360Claimservices Limited	Claim handling service	United Kingdom	100	100
7) Withyouin5.com Ltd	Crowd sourcing	United Kingdom	100	100
8) Infocap Technologies Ltd	Information capture and retrieval technologies	United Kingdom	100	100
9) Retrieval Technologies Limited	Intermediate holding company	United Kingdom	100	100
10) The Drainage Repair Company Limited	The investigation and repair of leaking drains	United Kingdom	100	100
11) Parkslide Pty Ltd	Provision of development software and expertise	Australia	100	100
12) 360 Globalnet Inc	Technical and sales support in America to help facilitate the promotion of 360 group products	United States of America	100	100
13) 360Globalnet Pty Ltd	Technical and sales support in Australia to help facilitate the promotion of 360 group products	Australia	100	-

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

13. Subsidiaries (continued)

Indirect holdings:

360Globalnet Ltd indirectly holds 100% of Infocap Technologies Ltd through its 100% ownership of Retrieval Technologies Limited.

360Globalnet Ltd indirectly holds 100% of Parkslide Pty Ltd with 51% ownership being held by 360Siteview Ltd. The remaining 49% of Parkslide Pty Ltd is owned directly by 360Globalnet Ltd.

Subsidiary audit exemption:

In line with the exemption allowed under section 479A of the Companies Act 2006 certain subsidiary companies of 360Globalnet Limited have been made exempt from requirements to have an audit under section 475 of the Companies Act 2006. In order to meet this exemption 360Globalnet Limited has pledged to guarantee all outstanding liabilities to which the relevant subsidiaries are subject to at the end of the financial year to which the guarantee relates until they are satisfied in full and that this guarantee is enforceable against the parent undertaking by any person to which the subsidiaries are liable in respect of those liabilities.

The following companies have taken advantage of exemption from audit as outline above:

- 360Intellimation Ltd (Company number: 07142145)
- 360Siteview Ltd (Company number: 07142142)
- 360Corporate Ltd (Company number: 07166799)
- 360Spatial Ltd (Company number: 07251839)
- 360Capital Ltd (Company number: 07259759)
- 360Claimservices Ltd (Company number: 04502073)
- Withyouin5.com Ltd (Company number: 07492078)
- Infocap Technologies Ltd (Company number: 03443879)
- Retrieval Technologies Ltd (Company number: 03636068)
- The Drainage Repair Company Ltd (Company number: 08570351)

14. Summary of company investments

	Company 2019 £	Company 2018 £
Investments in subsidiaries	777,228	777,228
	777,228	777,228

During the year 360Globalnet Ltd set up a 100% shareholding of 360Globalnet Pty Ltd, a company registered in Australia.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

15. Other financial assets

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Non-current financial assets				
Other fixed assets investments	100,000	100,000	100,000	100,000
	100,000	100,000	100,000	100,000

The directors have been unable to reliably assess the fair value of available for sale financial assets and therefore have held the value at cost.

16. Inventories

Group

	2019 £	2018 £
Work in progress	-	2,015
Finished goods and goods for resale	6,452	5,710
	6,452	7,725

Company

	2019 £	2018 £
Finished goods and goods for resale	2,710	2,710
	2,710	2,710

The carrying amount of Group inventories pledged as security for liabilities amounted to £6,452 (2018: £7,725).

The carrying amount of Company inventories pledged as security for liabilities amounted to £2,710 (2018: 2,710).

Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019

17. Trade and other receivables

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade receivables	1,808,453	850,767	1,165,019	404,926
Amounts owed by group companies	-	-	1,639,806	1,330,260
Amounts owed by related companies	8,189,998	7,986,679	8,189,998	7,986,679
Prepayments and accrued income	209,845	813,125	295,946	799,184
Other receivables	196,013	199,341	192,937	199,341
	<u>10,404,309</u>	<u>9,849,912</u>	<u>11,483,706</u>	<u>10,720,390</u>

The carrying value of trade and other receivables classified as financial assets measured at amortised cost approximates fair value.

18. Trade and other payables

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade payables	411,611	470,811	258,691	296,639
Amounts owed to group companies	-	-	103,464	25,314
Amounts owed to related companies	6,703	41,947	6,703	41,568
Other payables	765,560	535,710	761,099	526,401
Accruals	182,242	262,174	201,221	212,670
Other payables - tax and social security payments	373,068	162,238	252,799	90,099
Deferred income	298,869	125,164	294,789	118,024
	<u>2,038,053</u>	<u>1,598,044</u>	<u>1,878,766</u>	<u>1,310,715</u>

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates to fair values.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

19. Loans and borrowings

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Non-current loans and borrowings				
Other borrowings	14,783,658	13,382,948	14,783,658	13,382,948
Lease liabilities	75,591	2,928	64,265	2,928
	14,859,249	13,385,876	14,847,923	13,385,876
Current loans and borrowings				
Overdrafts	347	345	-	-
Lease liabilities	162,415	14,818	153,165	12,086
	162,762	15,163	153,165	12,086
Total loans and borrowings	15,022,011	13,401,039	15,001,088	13,397,962

Other borrowings

360Globalnet Ltd entered into a funding agreement with CSC Computer Sciences International Operations Limited (CSC) for £11 million. As part of this agreement fixed and floating charges over the property of the Group have been filed with Companies House in favour of CSC. The total amount due to CSC as at the year end of £14,783,658 (2018: £13,382,948) is secured under these charges.

The loan is due for repayment 1 March 2021. For unpaid interest, a rate of 8% was charged up to and including 31 August 2017, with interest of 10% being charged thereafter. If 360Globalnet Ltd decided to pay the interest in the quarter it is accrued, the rate applied is only 6% rather than the 10% stated above.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

19. Loans and borrowings (continued)

Lease liabilities - Group

	Motor vehicles £	Leasehold property £	Total £
Cost			
Balance at 1 January 2019	17,746	-	17,746
Adoption of IFRS 16	117,188	218,505	335,693
Additions	26,743	36,440	63,183
Interest expense	10,461	14,497	24,958
Lease payments	(84,486)	(119,088)	(203,574)
Balance at 31 December 2019	<u>87,652</u>	<u>150,354</u>	<u>238,006</u>

Contractual undiscounted cash flows

£

- Not later than a year	196,572
- Later than 1 year but not later than 5 years	57,297
Less: Future interest charges	(15,863)
Present value of lease liabilities	<u>238,006</u>

Presented in statement of financial position

- Non-current	75,591
- Current	<u>162,415</u>
	<u>238,006</u>

Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019

19. Loans and borrowings (continued)

Lease liabilities - Company

	Motor vehicles £	Leasehold property £	Total £
Cost			
Balance at 1 January 2019	15,014	-	15,014
Adoption of IFRS 16	84,418	218,505	302,923
Additions	26,743	36,440	63,183
Interest expense	8,038	14,497	22,535
Lease payments	(67,137)	(119,088)	(186,225)
Balance at 31 December 2019	<u>67,076</u>	<u>150,354</u>	<u>217,430</u>

Contractual undiscounted cash flows

	£
- Not later than a year	182,185
- Later than 1 year but not later than 5 years	45,308
Less: Future interest charges	(10,063)
Present value of lease liabilities	<u>217,430</u>

Presented in statement of financial position

- Non-current	64,265
- Current	153,165
	<u>217,430</u>

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

20. Employee benefit liabilities

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £177,173 (2018 - £179,304).

Contributions totalling £15,136 (2018 - £20,125) were payable to scheme at the end of the year and are included in creditors.

21. Share capital

Authorised

	2019 Number	2019 £	2018 Number	2018 £
Shares treated as equity				
Ordinary shares of £1.00 each	17,512	17,512	17,512	17,512
	<u>17,512</u>	<u>17,512</u>	<u>17,512</u>	<u>17,512</u>

Issued and fully paid

	2019 Number	2019 £	2018 Number	2018 £
Ordinary shares of £1.00 each				
At 1 January and 31 December	17,512	17,512	17,512	17,512
	<u>17,512</u>	<u>17,512</u>	<u>17,512</u>	<u>17,512</u>

22. Reserves

Share premium

Proceeds received in addition to the nominal value of the shares issued have been included in share premium, less registration and other regulatory fees and net of related tax benefits.

Capital redemption reserve

The capital redemption reserve relates to the Company purchasing 5,648 of its own shares at nominal value of £5,648 in 2013.

Foreign exchange reserve

The reserve comprises of foreign exchange differences which have arisen on the translation of 360 Globalnet Inc. from United States Dollars to Great Britain Pounds.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

23. Leases

Group

(i) As a lessee

At 31 December 2019, the Group is committed to £258,563 in future lease payments, none of which relate to short term leases. The carrying amount of the lease approximates the fair value.

The reconciliation between the operating lease commitment note in the financial statements to 31 December 2018 to the opening lease liability under IFRS 16 in these financial statements is as follows:

	2019 £
Lease liabilities recognised on adoption of IFRS 16	
Operating lease commitments at 31 December 2018	437,693
Short term leases	(35,378)
Effect of discounting	(65,837)
Other	(784)
	<u>335,694</u>

The Group's obligations are secured by the lessors' title to the leased office and leased vehicles which have a carrying value of £240,643. The Group does not face a significant liquidity risk with regard to its lease liabilities and these are monitored as part of the overall process of managing cash flows.

The following amounts in respect of leases have been recognised in profit or loss:

	2019 £
Interest expense on lease of right-of-use assets	24,958
Depreciation of right-of-use assets	<u>158,234</u>

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

23. Leases (continued)

Company

(ii) As a lessee

At 31 December 2019, the Company is committed to £232,188 in future lease payments, none of which relate to short term leases. The carrying amount of the lease approximates the fair value.

The reconciliation between the operating lease commitment note in the financial statements to 31 December 2018 to the opening lease liability under IFRS 16 in these financial statements is as follows:

	2019 £
Lease liabilities recognised on adoption of IFRS 16	
Operating lease commitments at 31 December 2018	396,811
Short term leases	(35,378)
Effect of discounting	(57,845)
Other	(664)
	<u>302,924</u>

The Company's obligations are secured by the lessors' title to the leased office and leased vehicles which have a carrying value of £219,441. The Company does not face a significant liquidity risk with regard to its lease liabilities and these are monitored as part of the overall process of managing cash flows.

The following amounts in respect of leases have been recognised in profit or loss:

	2019 £
Interest expense on lease of right-of-use assets	22,535
Depreciation of right-of-use assets	<u>146,666</u>

24. Financial instruments - fair values and risk management

24.1 Financial risk management objectives

The Group is exposed to various risks in relation to financial instruments. The Group's risk management is coordinated by its board of directors. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

24. Financial instruments - fair values and risk management (continued)

24.2 Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from its operating and investing activities.

Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

360Globalnet Inc. was incorporated during 2016 to provide technical and sales support in America to help facilitate the promotion of 360 group products. 360Globalnet Inc. is fully by its parent entity.

360Globalnet Inc. is an entity incorporated in the USA and its working currency is the US Dollar, making it subject to translation variances when consolidated in the Group accounts using the functional currency of pound sterling. Translation variances are taken through the statement of comprehensive income.

The translation differences will be susceptible to global factors affecting the value of the pound sterling against the US dollar

Interest rate risk

The Group's borrowings are held under fixed interest rates. The Group is not subject to fluctuations in interest rates in relation to these borrowings.

Receivable loans are linked to LIBOR rates, and a reduction in LIBOR rates would lead to a decrease in interest receivable. The general consensus is that this rate is likely to increase, and therefore no further action has been taken.

24.3 Credit risk management

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables.

Credit risk is managed on a Group basis based on the Group's credit risk management policies and procedures. Where appropriate, service customers are required to pay the fee for the service upfront, mitigating the credit risk.

Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019

24.4 Financial Instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial Assets				
Other fixed asset investments	100,000	100,000	100,000	100,000
Bank and cash balances	767,315	666,488	278,376	289,578
Trade and other receivables	10,194,464	9,477,736	11,187,760	10,362,155
	<u>11,061,779</u>	<u>10,244,224</u>	<u>11,566,136</u>	<u>10,751,733</u>
	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial Liabilities				
Bank overdrafts	(347)	(345)	-	-
Loans and borrowings	(14,946,073)	(13,400,694)	(14,785,147)	(13,397,962)
Trade and other payables	(1,739,184)	(1,472,880)	(1,583,977)	(1,192,691)
	<u>(16,685,604)</u>	<u>(14,873,919)</u>	<u>(16,369,124)</u>	<u>(14,590,653)</u>

Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019

25. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

25.1 Compensation of key management personnel

The remuneration of the directors is disclosed in note 8. There are no other key management personnel other than the directors.

25.2 Other related party transactions

A director has previously provided the Group with an interest-free loan. An additional £455,000 has been loaned to the Group by the director this year with interest being charged at 2.5% per annum. £225,752 of this was repaid in the year and total interest of £3,219 being charged. At the year end the amount due to the director was £733,344 (2018 - £500,877). The amount is due 12 months after receipt of written notice requiring repayment in full from the lender to the Company.

Other related party transactions are as follows:

Related party relationship	Type of transaction	Transaction amount		Balance owed	
		2019 £	2018 £	2019 £	2018 £
A shareholder	Loan	201,551	196,622	8,189,998	7,986,679
A company related to a director	Loan from the company	2,179	4,782	6,703	41,568
		<u>203,730</u>	<u>201,404</u>	<u>8,196,701</u>	<u>8,028,247</u>

26. Ultimate controlling party

The ultimate controlling party is P A Stanley.

27. Notes supporting consolidated statement of cash flows

	2019 £	2018 £
Cash at bank available on demand	705,179	412,988
Short term deposits	62,134	253,498
Cash on hand	2	2
Cash and cash equivalents in the statement of financial position	<u>767,315</u>	<u>666,488</u>
Bank overdrafts used for cash management purposes	(347)	(345)
Cash and cash equivalents in the statement of cash flows	<u>766,968</u>	<u>666,143</u>

**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2019**

28. Notes supporting company statement of cashflows

	2019	2018
	£	£
Cash at bank available on demand	277,559	36,180
Short term deposits	817	253,398
Cash and cash equivalents in the statement of cash flow	<u>278,376</u>	<u>289,578</u>

29. Events after the reporting date

There have been three post balance sheet events since the year end.

Firstly Covid-19 has impacted the UK and worldwide economies. Whilst the company saw a short term fall in business, operations are now continuing. In the medium term Covid-19 is accelerating many technological aspects of the economy and this should benefit the group.

Secondly post year end the company has entered into negotiations for a loan extension for the amount repayable on 1 March 2021 (see note 3.1 and 19). Whilst no agreement has been signed, management are confident that the loan term will be extended.

Finally the company has issued new shares post year end. It has issued 951 shares for consideration of £2,443,756.